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Argentina's Junta Still Deadlocked Over Presidency

By Jackson Diehl
Washington Post Service

BUENOS AIRES—Argentina's military leaders have been meeting since Saturday night to choose a new president, but strong indications that the traditionally predominant army leaders want one of their own to replace the ousted Leopoldo F. Galtieri.

A week after the capitulation of Argentine forces in the Falklands, the Argentine military chiefs remain convulsed by feuding and maneuvering among the politicized commands of the three service branches, sources said, while Argentina's government remains paralyzed.

Gen. Alfredo Saint Jean, the interim minister who Friday night was assigned temporary presidential powers by the junta, stayed at the presidential palace Saturday only long enough to meet with the foreign minister of Iraq before leaving for another round of secret maneuvering with other army generals.

The junta met for two hours Saturday without deciding on a president. Discussions were scheduled for Sunday.

A debate that has been less concerned with policy and ideology than personalities and the power of the army, navy and air force, the presidential choice was reported by sources to



An Argentine officer greeted returning prisoners as they left the Canberra at Puerto Madryn.

under consideration by army leaders, sources said, were Gen. Saint Jean, Gen. Nicolaidis and Gen. Juan C. Trinero, a corps commander and a leading opponent of Gen. Galtieri.

While the decision on a president is expected soon, the political upheaval within the armed forces caused by Argentina's capitulation in the Falklands could continue for some time.

Army leaders were said by sources close to the military command to be intent on forcing the resignation of both Gen. Lami Dozo and the navy commander, Rear Adm. Jorge Anaya, the two

Iraq's President Says Troops Quitting Iran

Compiled by Our Staff From Dispatches

BEIRUT—President Saddam Hussein of Iraq said Sunday that his troops had started to withdraw from Iranian territory captured during the 21-month Gulf war and would complete their pullback within 10 days, the official Iraqi press agency reported.

The report follows a series of Iranian victories in the war that drove Iraqi forces out of most of the territory they had occupied since their invasion of Iran in September, 1980.

The agency, summarizing a speech by Mr. Hussein, said: "President Saddam Hussein has announced that Iraqi units have started to withdraw from Iranian towns and territory to the international frontier."

The agency said the president added that "the withdrawal operations will end within a period of not more than 10 days."

Mr. Hussein said Baghdad would continue to work with international groups that have been trying to mediate a peaceful settlement of the conflict between Iraq and Iran, the agency reported.

Cease-Fire Offer
After the most recent and most decisive Iranian victory, the recapture of the port of Khorramshahr last month, the Iraqi leadership announced that it was ready for an immediate cease-fire and was willing to withdraw all its forces from Iranian territory within two weeks.

Iran, whose negotiating position has hardened as its military forces have gained the upper hand on the battlefield, said the offer had come too late. Since then, Iraq has said its forces have been observing a unilateral cease-fire, shooting only if fired on.

It was not immediately clear exactly how much Iranian territory Iraq was still holding.

Reports from Iraq recently indicated that Iraqi troops were still occupying the border town of Qasr-i-Shirin and ragged strips of territory further south.

Correspondents who visited Qasr-i-Shirin earlier this year found the town almost entirely demolished by Iraqi forces, with only a mosque and one or two other buildings still standing.

In his speech Mr. Hussein said Iraq's Revolutionary Command Council decided to complete the withdrawal in spite of Iran's rejection of a cease-fire offer. "The aim is to deny Iran any pretext for prolonging the war," he said. "We also want to pave the road for a successful nonaligned nations summit conference here."

Continued on Page 2, Col. 7

British Take Argentine Station on South Sandwich Islands

Compiled by Our Staff From Dispatches

LONDON—A group of Argentine ships at a weather station on Thule, in the Falklands dependency of the South Sandwich Islands, surrendered to British troops Sunday, the Defense Ministry announced.

The spreader completed the British recapture of disputed South Atlantic islands.

Argentina said helicopter-borne British troops firing machine guns swarmed down on Thule, but it said nothing about casualties. The Defense Ministry announced that it had said "initial reports suggest that no fighting took place."

The Argentine military command announced Saturday that the troops had surrounded the Argentine Navy weather station on Thule, where Argentine scientists had been living for six years without British permission. The command said the unarmed station was used for "scientific investigation, especially meteorology."

Mr. Frow said they were there illegally and he alleged that they had even brought in a pregnant woman to have her baby on South Thule, which is one of the islands, so that Argentina could claim the child as a citizen of the islands.

Meanwhile, the British liner Canberra, escorted by two Argentine warships, arrived at the southern port city of Puerto Madryn on Saturday with 4,200 Argentine soldiers who had surrendered on the Falklands.

1,000 Are Being Held
The captured soldiers were part of what London now officially estimates to be 11,845 prisoners captured in the fighting that ended with an Argentine surrender Monday.

The contingent included only 200 officers.

Britain reportedly plans to keep up to 1,000 Argentine officers and soldiers to compel Argentina to end all hostilities in the South Atlantic.

Argentina submitted a note to the United Nations Security Council on Friday saying hostilities would not be ended until Britain withdrew its forces from the region.

Continued on Page 2, Col. 7



MOSCOW VOTER — Soviet President Leonid I. Brezhnev walked stiffly but unassisted to the polls Sunday to vote in local elections. He had been reported ill in recent months.

Russian Weapons Tests Belie Words of Peace, Haig Says

By John M. Goshko
Washington Post Service

NEW YORK—Secretary of State Alexander M. Haig Jr. has accused Moscow of engaging in an "unprecedented" level of strategic weapons testing at the same time it was publicly proclaiming its willingness to control such arms.

Mr. Haig, who had just completed two days of talks with Foreign Minister Andrei A. Gromyko, said at a news conference Saturday that the United States had assembled evidence showing that Soviet testing activity last week was "significant in scope and integration of activity."

The Soviet activity, he said, included an anti-satellite test and the launchings of two ground-based intercontinental ballistic missiles, a submarine-based missile and a medium-range SS-20 missile, and two tests of anti-ballistic missiles.

"Such activity belies by specific actions the words put forth to the world audience here this week," Mr. Haig said. He was referring to

Mr. Gromyko's promise in a speech Tuesday to the United Nations General Assembly's special session on disarmament that the Soviet Union would not use nuclear weapons first in a conflict.

Mr. Haig refused to give further details about the Soviet tests, except to say that no nuclear explosions had been involved. He also conceded that there were no indications that the Russians had violated international agreements on nuclear weapons testing.

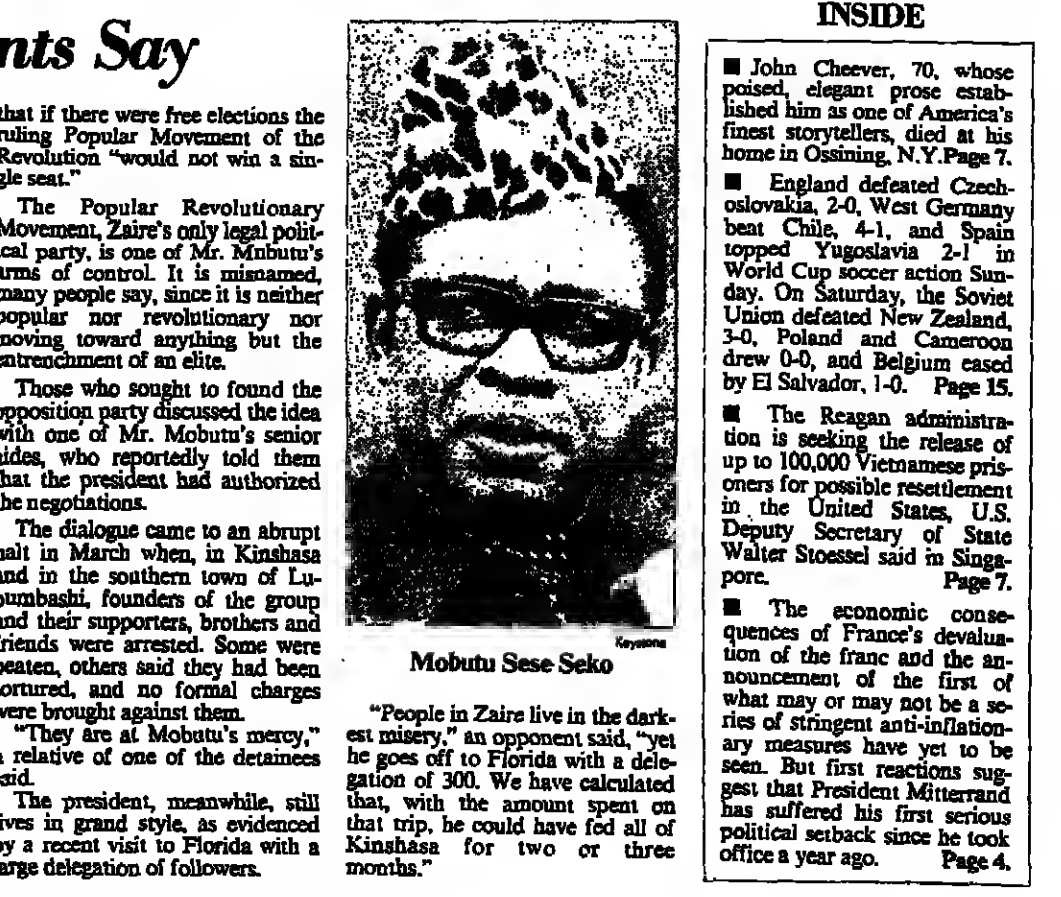
Mr. Haig said he had not raised the U.S. allegations during the 94 hours of meetings with Mr. Gromyko. He said much of the information was not available to him while the talks were under way and that it had been made ready for release shortly before the start of his news conference.

Saying he thought it was important to get the information out immediately on the Soviet activity, Mr. Haig added: "It shows a level of interest, skill and activity that is a matter of concern."

President Reagan outlined a tough approach to U.S.-Soviet relations in his speech to the disarmament conference Thursday. He in effect repeated Mr. Reagan's challenge to the Soviet Union to demonstrate its desire for improved relations through actions rather than words.

"There is no doubt about President Reagan's desire to put U.S.-Soviet relations on a stable, long-term basis," Mr. Haig said. "But this cannot be achieved without a Soviet willingness to conduct its international affairs with responsibility and restraint."

Hard-Line Approach
Mr. Haig's words continued the hard-line approach toward Moscow that has been evident recently in such moves as Mr. Reagan's tough talk before the UN and the president's decision Friday not to



Mobutu Sese Seko

Mobutu's Hold on Zaire Is Increasingly Insecure, Opponents Say

By Alan Cowell
New York Times Service

KINSHASA, Zaire—President Mobutu Sese Seko of Zaire went to South Korea on a state visit recently, but, from reading the officially controlled newspapers here, his departure from the capital was not apparent.

The secrecy, the president's critics assert, reflects a nervousness about the security of his leadership of this vast, potentially rich and currently impoverished country.

To elaborate the point, the critics also say that Mr. Mobutu rarely appears in public and that when he leaves his palace he uses decoy cars to confuse potential assassins.

When he attended the closing of Parliament this year, a person who was there said, soldiers, armored cars and security men were on the Place de la République outside the Parliament buildings, but no civilians were permitted.

There is even a rumor circulating on the "radio-trottoir"—literally translated, the "sidewalk radio"—that Mr. Mobutu's escape of assassins dates to August, when someone stole his leopard-skin cap and carved walking stick from his palace. Some Western

diplomats assert that the rumor is rooted in fact and that the loss of the totem created a sense of vulnerability.

The outcome, Zairian critics and Westerners assert, has been a tightening of Mr. Mobutu's already harsh regime, and 38 people have been imprisoned for talking of creating a second political party to challenge the president.

"There will be no second political party in Zaire," Mr. Mobutu has declared, "not for as long as I live."

Quandary for U.S.
The intolerance of opposition and the activities of a heavy-handed secret police present a quandary for the United States, one of Mr. Mobutu's main backers. Washington's formal concern for human rights conflicts sharply with a wider geopolitical commitment to a nation, bordering nine other countries and straddling a great chunk of central Africa that is rich in copper, diamonds and other minerals.

United States ties with Zaire are strained by a dispute over develop-

ment and military assistance that cuts to the ambiguous heart of the relationship. Mr. Mobutu has stated that he has renounced aid from America. The apparent reason was congressional criticism of his human rights record and a recommendation from the House Foreign Relations Committee that aid this year be reduced from the \$59.5 million proposed by the Reagan administration to around \$35 million.

Mr. Mobutu, a Western diplomat source said, was angered by a critical statement about his human rights record by prominently anti-Mobutu Congressmen. The Senate, meanwhile, proposed a smaller reduction.

The irony of Mobutu's renunciation, the source said, is that Zaire does not now qualify for repayable U.S. aid because of an amendment forbidding disbursements while earlier loans are outstanding. Thus, the source said, U.S. military aid to Zaire is at a virtual halt and economic assistance will be curtailed by the end of the year unless Mr. Mobutu pays arrears of about \$20 million.

At the same time, however, the source said, there is a cynical appraisal by Western governments of Zaire's importance as a mammoth buffer against Soviet influence in Africa, and so the aid agencies stay on.

Zairian opponents of Mr. Mobutu, meanwhile, perceive the strategic interest of the United States in a different light. "Mobutu of Zaire is another Shah of Iran," an opponent said, requesting

anonymity. "The ordinary people do not like to see America supporting the man who is oppressing them and, if the Americans do not make him change his ways, they will look to the East Europeans and the Soviets for help."

The arguments center on Mr. Mobutu's parlous human rights record. The most recent State Department report on human rights in Zaire says: "Arbitrary arrests for political reasons and because of personal vendettas apparently increased during 1981, while there was also a trend towards detaining more political prisoners in unofficial and clandestine prisons."

Also during 1981 there was the case of 13 members of Parliament who wrote an open letter to the president criticizing his regime. They were banished to their hometowns and released in December, but some of them are now in jail because they sought to establish a second political party called the Union for Democracy and Social Progress.

The party's clandestine manifesto calls for an end to Mr. Mobutu's "arbitrary" rule and asserts

that if there were free elections the ruling Popular Movement of the Revolution "would not win a single seat."

The Popular Revolutionary Movement, Zaire's only legal political party, is one of Mr. Mobutu's arms of control. It is misnamed, many people say, since it is neither popular nor revolutionary nor moving toward anything but the entrenchment of an elite.

Those who sought to found the opposition party discussed the idea with one of Mr. Mobutu's senior aides, who reportedly told them that the president had authorized the negotiations.

The dialogue came to an abrupt halt in March when, in Kinshasa and in the southern town of Lubumbashi, founders of the group and their supporters, brothers and friends were arrested. Some were beaten, others said they had been tortured, and no formal charges were brought against them.

"They are at Mobutu's mercy," a relative of one of the detainees said.

The president, meanwhile, still lives in grand style, as evidenced by a recent visit to Florida with a large delegation of followers.

INSIDE
■ John Cheever, 70, whose poised, elegant prose established him as one of America's finest storytellers, died at his home in Ossining, N.Y. Page 7.

■ England defeated Czechoslovakia, 2-0, West Germany beat Chile, 4-1, and Spain topped Yugoslavia 2-1 in World Cup soccer action Sunday. On Saturday, the Soviet Union defeated New Zealand, 3-0, Poland and Cameroon drew 0-0, and Belgium eased by El Salvador, 1-0. Page 15.

■ The Reagan administration is seeking the release of up to 100,000 Vietnamese prisoners for possible resettlement in the United States, U.S. Deputy Secretary of State Walter Stoessel said in Singapore. Page 7.

■ The economic consequences of France's devaluation of the franc and the announcement of the first of what may or may not be a series of stringent anti-inflationary measures have yet to be seen. But first reactions suggest that Mitterrand has suffered his first serious political setback since he took office a year ago. Page 4.

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Planned Cutbacks in Britain's Surface Fleet Prompting Sharp Debate

By Glenn Frankel

Washington Post Service
LONDON — Britain's victory in the Falkland Islands has touched off a debate here over British defense policy that could have a profound impact on the nation's military role in the Western alliance.

There is already a movement in military circles to delay or to scrap Britain's planned purchase of the U.S. Trident 2 submarine-launched, long-range nuclear missile system, which the Thatcher government announced in March.

Several defense specialists are arguing that the \$13.5 billion for Trident, which some analysts predict could rise to nearly \$18 billion during the next decade, might better be spent to upgrade British conventional forces. Members of Britain's navy lobby are calling for major spending increases for the Royal Navy, which performed so successfully in the South Atlantic

but which is now slated for a sharp cutback in the size of its fleet.

While those involved in the debate insist they foresee no drop-off in London's commitment to the North Atlantic Treaty Organization, there is renewed emphasis here on what are called "out-of-area" problems — Britain's interests and defense obligations outside of Europe and NATO.

"We must have the capacity to act independently," Prime Minister Margaret Thatcher told Parliament last week. "We need both the power to act and the will to see it through."

Nott's Fate

The early focus of the public debate is on the fate of Defense Secretary John Nott, the architect of the Trident 2 and cutback proposals. Naval advocates say that if Mr. Nott's plan had been in effect at the time of the Falklands crisis,

the navy would have been incapable of mounting the task force that was sent to reclaim the islands.

A year from now, for example, under current plans, the navy will have only one aircraft carrier available — a new one — because the government plans to sell the Invincible, which was built in 1980, to Australia and the Hermes is due for a long, elaborate refitting in drydock. The two ships, which played key roles in landing troops on East Falkland Island, had also been slated for mothballs until pressure from the navy forced the government to grant them a reprieve.

Altogether, Mr. Nott's projections call for the Royal Navy to consist of only 42 ships by 1985. The admirals and their allies, including an influential group of Conservative politicians and shipbuilding interests, say they need at least 50 ships, not including re-

placements for the four vessels lost in the Falklands war and the five or so ships they believe will have to be stationed around the islands for future defense.

Mr. Nott has insisted he will not step down and that there will be no major changes in defense policy.

Thatcher's Thinking

Mr. Nott barely survived in April, when he was blamed, along with the foreign secretary, Lord Carrington, for being caught unprepared by Argentina's invasion of the islands. Lord Carrington was allowed to resign, and sources said Mr. Nott offered to quit but Mrs. Thatcher insisted he stay on. While publicly saying she still supports him, the prime minister is believed by many observers to be waiting for a decent interval to accept his resignation.

Despite the success of Britain's

mission to the South Atlantic, many analysts believe the military lessons of the Falklands are less than clear. While its advocates emphasize Royal Navy achievements, skeptics point out that it took only one Exocet missile to sink a destroyer and that World War II vintage bombs from obsolete Canberra bombers did major damage to other vessels.

"The navy was hard hit by Mr. Nott's cutbacks and they are clearly attempting to take advantage of the political situation following the Falklands to advance their cause," said Col. Jonathan Alford of the International Institute for Strategic Studies here. "But there are equally sound arguments not to build vulnerable surface ships and I don't think we'll see, or should we, major changes in the size and shape of the navy because of the Falkland Islands."

Trident, however, is a different

matter, according to Col. Alford and other analysts. While Mr. Nott has pointed out that the Trident system will be purchased in increments and cost less than \$1 billion per year even during peak outlays, others expect the price tag to rise.

"Payments for the Trident system will swallow between 15 and 20 percent of the Ministry of Defense's capital expenditure from the end of this decade until the middle of the next," writes David Greenwood, director of the Center for Defense Studies at Aberdeen University, in an article published Friday in Defense Attache magazine.

He concludes, "As time goes by, [Trident] will look like a less and less attractive proposition. Renewed debate over posture and priorities will be inescapable if this occurs, and the Falklands experience will be influential, though not decisive, in that argument."

Iraq Orders Iran Pullout

(Continued from Page 1)

that world powers made no "tangible moves" to stop the Iran-Iraq war "even though other wars are contained within days."

But he said Iraq would "pursue its efforts with mediation groups for the sake of the just and honorable peace we demanded from the beginning."

He also expressed hope that Iraq's withdrawal would "greatly contribute to enhancing positive relations with the well-intentioned segments of the Iranian people who opposed the aggressive war waged by the Iranian regime against Iraq."

Lebanon Comparison

He compared the Iran-Iraq situation to the Lebanon-Israel situation, asserting that Iraq would have had to pay far more than the sacrifices of this war if it had waited for Iran to launch an attack.

Iraq, accusing the Tehran government of intolerable aggression, invaded Iran demanding full sovereignty over the Shatt al-Arab waterway and the return of disputed border areas as the price of peace.

But Western diplomats in the Middle East said they believed the real aim of the secular, Arab nationalist government in Baghdad was to topple the Islamic leadership in Tehran, whose revolutionary fervor it regarded as dangerous.

The government in Tehran did not fall and the war dragged on, with Iran vowing to fight until the last Iraqi soldier left its soil. After a year of military stalemate, the tide of the war began to turn in Iran's favor last September.

As Iranian forces slowly drove the Iraqis out of much of the Iranian oil province of Khuzistan where the invasion had been concentrated, Iraq began to offer concessions.



In Chouayfat, a Lebanese man argues with an Israeli officer, as hundreds of persons tried to return to southern Lebanon. The Israelis are allowing only those with special passes to return.

Israel Vows End to PLO in Beirut

(Continued from Page 1)

maintaining the Palestinian guerrilla infrastructure there.

He said anyone who leaves his arms behind can leave West Beirut, as he said many were doing now to reach the pacified towns and villages of southern Lebanon.

Mr. Sharon made it clear he was talking about Lebanese and Palestinian civilians and not guerrillas. Mr. Meridor, after the Cabinet meeting, said the cease-fire agreed to Friday primarily at U.S. urging had to a large extent been kept. He said that there been incidents of infringement by the other side and that the Israeli Army reacted with fire.

Israeli sources said the PLO and leftist Moslem forces led by Kamal Jumblat were jointly seeking a 48-hour extension to Friday's cease-fire. But one Israeli official said the government was anxious for an early conclusion to the negotiations being conducted by Mr. Habib and is not interested in prolonging temporary cease-fires.

"We cannot keep having one 48-hour cease-fire after another, or one-sided cease-fires while the negotiations drag on," an Israeli official said. Mr. Habib is trying to avert an attack into Moslem West Beirut by the Israeli forces to root out the estimated 6,000 Palestinian guerrillas who are besieged there.

Exchange Proposed

Mr. Meridor said Israel would not accept an arrangement by which dismantling PLO guerrillas in Beirut would be conditional on Israeli-PLO negotiations.

"Israel will not negotiate over with the organization that calls itself an organization to liberate Palestine from the Jews — even," he said.

There have been reports from Beirut that former Lebanese Pres-

ident Saeb Salam, who is acting as go-between for Mr. Habib and the PLO, proposed that in exchange for surrendering their arms, PLO leaders would be guaranteed safe conduct to Egypt where they could establish a government in exile. Israel, in turn, would agree to negotiate with the PLO for autonomy of the occupied West Bank and Gaza Strip.

Egypt has been actively involved in efforts to end the war in Lebanon. News agency reports from Cairo said that Egyptian President Hosni Mubarak welcomed the idea of a PLO government-in-exile based in Cairo.

Mr. Iskander's statement Sunday made clear that Syria is committed to keeping troops in Lebanon regardless of the Lebanese government's position. He also said Syrian troops still in Beirut would resist any Israeli attempts to attack Palestinian strongholds in the city's western section.

However, diplomatic sources here believe the Syrians are not in a position to defend Beirut and probably would not risk a major break in the cease-fire to try to do so.

Parties in Syria Urge Attack on U.S. Interests

By Henry Tanner

DAMASCUS — The leaders of the political parties represented in the Syrian National Assembly have issued an appeal to "Arab masses" everywhere to show their solidarity with the Palestinians in Lebanon by "attacking and destroying American interests" in the Arab world.

The Syrian parties also called Saturday for the upgrading of Syria's friendship treaty with the Soviet Union into a full-scale strategic alliance, apparently along the lines of the strategic alliance concluded by the United States and Israel.

The declaration said all Arabs "must know that Syria and our people have chosen to mingle our blood with that of the Palestinians and that we will continue to fight to protect the Palestinian people." It was issued by the leadership of the National Progressive Front, which consists of the ruling Ba'ath Party of President Hafez al-Assad and several small parties.

The Ba'ath Party has about two-thirds of the seats, and Mr. Assad is president of the front.

Western diplomats pointed out that a declaration by the front is regarded as having far less authority than one issued by the leadership of the Ba'ath Party itself, which makes all the key decisions.

A high-ranking official reached by telephone Saturday ruled out any violent action against the U.S. Embassy or against Americans here as a result of the declaration.

'Nothing to Say'

The U.S. ambassador, Robert Paganelli, said he had "nothing to say."

The parties' declaration accused the United States of participating in the planning of the Israeli invasion, providing the weapons and giving Israel the needed "political and military cover."

It said, "The Arab regimes have been either silent or mocking or plotting."

Western diplomats said Syria some months ago sounded out the Soviet Union about the possibility

of turning the friendship treaty between them into a strategic alliance on the model of the American-Israeli agreement. The Soviet response was negative, the diplomats said. Informed sources said Saturday night that no such alliance has been signed by the two countries.

According to Western diplomats, Syria's main goal is to obtain a Soviet assurance that military aid will be forthcoming not only in case of an attack on Syrian territory but also in the case of attack on the Syrian positions in Lebanon.

While Saturday's statement by the political parties described the Soviet Union as a "true and loyal friend," Syrian officials have been described by foreign diplomats as being privately disappointed with the Soviet reaction to the invasion, considering Moscow's response too low key.

Coalition's Fate Hinges on Budget, Bonn Aide Says

The Associated Press

BONN — Willy Brandt, former chancellor and now the leader of the Social Democratic Party, said Sunday that the talks over West Germany's 1983 budget would decide the fate of Chancellor Helmut Schmidt's government.

The coalition of Social Democrats and Free Democrats, increasingly divided in the last 18 months over economic questions, has set itself a target of July 7 to agree on the 1983 budget. The parliamentary parties are to meet Tuesday and the Cabinet Wednesday to decide on the size of state debt.

Mr. Brandt said on a West German television program that he hoped the two parties would reach an agreement. "But we still cannot be quite certain," he said. "The next few weeks will show." He added that the outcome of the talks "will show how government is going to go on in Bonn."

Argentina Post Taken

(Continued from Page 1)

pale blue and white colors of the Argentine flag.

In London, The Sunday Times said a seven-man British commando team was captured on a reconnaissance and sabotage mission near the Argentine military base at Rio Gallegos more than a month ago.

The Times, quoting senior U.S. intelligence officials in Washington, said the team was apparently using American-made mobile radar units to keep track of Super Etendards and Skyhawks flying from the mainland to strike the British task force.

The Times said Britain's decision to hold approximately 1,000 Argentine troops captured in the Falklands might be designed to win the release of the commandos.

Meanwhile, in Portsmouth, England, the "luckiest ship alive" limped home Saturday to a tumultuous welcome. The British destroyer Glasgow had been hit by an Argentine bomb that passed through its hull without exploding.

The Glasgow was the first British surface vessel into the war zone around the Falklands on May 1 and was stationed off San Carlos when British troops landed on the islands.

Workers Start To Reconvert QE2 to a Liner

The Associated Press

LONDON — The luxury liner Queen Elizabeth 2, back from the Falklands after serving as a troop carrier, is packing up its helicopter landing pad and cleaning out its swimming pool in preparation for re-converting it to a New York.

Full-page advertisements in The Times and The Daily Telegraph on Saturday announced that the ship will return to the cruise business on Aug. 14, just two months after returning from the most hazardous journey of its 15-year history.

A spokesman for the Cunard Line, the ship's owners, said the QE2 went into drydock in Southampton Friday night for an examination of its hull and that 200 shipyard workers have started reconvert the QE2 to a luxury liner.

Doug Ridley, the QE2's executive captain, said damage caused by the 3,000 troops was superficial. "You must have things moving around with guns and heavy boots and not do some scaffolding damage and knockers here and there on fabrics," he said.

WORLD BRIEFS

Spain Sets New Terms on Gibraltar

MADRID — Spain will not lift its blockade of Gibraltar unless Britain pledges serious talks at the negotiations scheduled to start Friday over the future of the British crown colony, diplomatic sources said here Sunday.

Spain, which claims Gibraltar, and Britain had agreed to open the talks on April 20, but the negotiations, along with Spain's promised opening of the gate sealing Gibraltar from the mainland, were postponed when British diplomats had their hands full with the Falklands.

Negotiations will be held in the Portuguese town of Sintra.

France Vague on Spain's EEC Entry

MADRID — President Francois Mitterrand of France said in a newspaper interview published Sunday that economic problems in Western Europe made it impossible to say when or how Spain could join the European Economic Community.

Mr. Mitterrand told the daily El Pais that his government "accepts the hypothesis of Spanish presence in Western Europe and the Common Market." But he added, "The economic reality imposes serious problems which mean one cannot say in advance when or under what conditions."

One problem he noted was the similarity of French and Spanish agricultural products.

Mr. Mitterrand is due to arrive here Tuesday for a three-day visit that will include talks with King Juan Carlos I and Prime Minister Leopoldo Calvo Sotelo.

Soviet Peace Group Member Held

MOSCOW — Vladimir Fleishgaker, a member of a recently formed independent peace movement in the Soviet Union, said he was detained by police for five hours on Sunday after he tried to leave his apartment to vote in local elections.

Mr. Fleishgaker, 28, an engineer, is one of 11 members of the "Group for Establishing Trust Between the U.S.S.R. and U.S.A.," which announced its existence at a press conference on June 4. All have since been detained and questioned, and some threatened with prosecution if they continued their activities.

Authorities have prevented Mr. Fleishgaker, Viktor Blok and movement co-founders Sergei Batovnin and Sergei Rozencov from leaving their apartment buildings for a nearly a week, movement members said, and police have blocked Western reporters from entering Mr. Batovnin's and Mr. Rozencov's homes. Mr. Fleishgaker said authorities did not say why he was detained.

Hunger Striker Leaves Soviet Union

MOSCOW — Andrei Frolov left the Soviet Union Sunday on the exit visa he won through a 26-day hunger strike, but Yuri Balovienkov was still fasting in his 42d day.

Mr. Frolov, 51, a journalist, boarded an Aeroflot flight to Frankfurt, where he was to make a connection to Chicago. He is married to Lois Becker Frolov of Chicago. His was the one clear success story to emerge from the hunger strike started May 10 by the Divided Families Group, Soviet citizens who were denied permission to join spouses in the West.

Two other members of the group appeared to have been promised visas, but have not received them. Mr. Balovienkov, 33, has had no word at all on his visa processing. He is married to Elena Kuzmenko, a nurse in Baltimore. The former computer specialist has over seen his 2-year-old daughter.

Basques Claim 2 Bombings in Spain

MADRID — Basque separatist guerrillas claimed responsibility Sunday for a bomb blast in Bilbao, only 300 meters (330 yards) from a stadium being used for the World Cup matches.

The military wing of ETA (Basque Homeland and Freedom) said it was responsible for the explosion Saturday in a Bilbao bar and another Friday at a bank in Lasarte.

Also, police in Villafraanca de Oria, south of San Sebastian, said Sunday a shepherd had discovered the 10-kilogram (22-pound) bomb attached to an installation of the Iberdruero Power Co., a frequent target of Basque guerrillas because of its plans for a nuclear plant.

Priest Held by Irish on Arms Charge

DUBLIN — A special anti-guerrilla criminal court has indicted a New York-based Roman Catholic priest, his brother and a man from Northern Ireland on charges of possessing firearms.

Father Patrick Moloney, his brother John and Patrick McVeigh of Belfast were indicted Saturday, a day after they were arrested in the southwestern city of Limerick. The police said they seized a U.S.-made rifle, ammunition and other weapons. Mr. McVeigh was also charged with being a member of the IRA.

Informed sources said U.S. customs authorities had seized more weapons in New York and that agents of Ireland's anti-guerrilla Special Branch arrested the three after U.S. officials told them that the IRA was shipping weapons from New York to Dublin in a consignment of bedding.

Compiled From Agency Dispatches

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U.S. Arms Negotiator Holds 'Guarded' Hope as Talks Near

By Richard Eder
New York Times Service

PARIS — The chief U.S. negotiator in the coming strategic disarmament talks with the Soviet Union has said he is guardedly optimistic about the outcome.

The word "guarded" was as far as Edward L. Rowny was prepared to go publicly in talking to reporters here Saturday. In fact, U.S. negotiators have let it be known they are decidedly pleased, both with the U.S. proposal and with the fact the Soviet Union has not rejected it.

The talks, which the Reagan administration has labeled START to replace the SALT acronym given to the earlier series, will begin June 29 in Geneva. Mr. Rowny is a retired lieutenant general who resigned from the strategic arms negotiating team in 1979 because he thought the United States was conceding too much.

American Objective

The American objective, Mr. Rowny said, is both to reduce weaponry and to make sure there will be military equality after the reductions. If to achieve this objective the Soviet Union is obliged to cut more painfully than the United States, he continued, it was simply because in recent years they have built more weapons.

Nevertheless, he continued, "one of the criteria of our plan is that it must be negotiable; that is, it must have something for the Soviet Union as well as for us. And they have a lot to gain."

Among these gains, Mr. Rowny said, is the fact the United States is preparing a number of important weaponry additions: the deployment of MX missiles, an increased bomber force of new types and new and more powerful versions of the Trident submarine missile system.

Acceptance of the U.S. proposal would not mean that improved weapons would not be introduced, he said.

Furthermore, he said, the Soviet Union has important economic incentives to agree to arms reductions. Asked if he meant that a relaxation of U.S. efforts to block the export of advanced technology and to restrict East-West trade could be a part of a deal on arms reduction, Mr. Rowny said there was no direct linkage, but "there's always linkage in the background."

NATO Consultations

Mr. Rowny has just finished a swing through Europe to discuss the negotiations with the NATO allies.

In its initial phase, the plan announced by President Reagan last month calls on both countries to reduce by a third the stocks of long-range nuclear warheads, now numbering about 7,500 on each side. Not more than half the remaining warheads could be deployed on land-based intercontinental missiles.

This second point affects the Soviet Union more acutely than it does the United States. The Soviet strategic nuclear arsenal is composed principally of land-based weapons. The U.S. nuclear strength rests mainly on submarine-launched missiles.

This disparity has led Soviet spokesmen to call the U.S. proposal lopsided, although so far Soviet reaction has generally been cautious. Mr. Rowny cited this caution as one reason for his "guarded optimism."

Positive Reaction

Mr. Rowny said that early Soviet reaction has been more positive than after previous U.S. disarmament offers.

One of the pluses, he said, is that the Soviet Union no longer insists on ratification of the second strategic arms limitation agreement, which the Reagan administration opposes. Another is that Soviet leaders have endorsed the notion that there must be reductions on both sides, instead of simply limits to future growth.

He added that there have been hints in Soviet publications and academic circles that the U.S. approach is arousing interest.

Mr. Rowny said the first bargaining session will probably last six to eight weeks. Then there will be a recess to allow each side to go home for consultations. It is likely this pattern will continue throughout the process.



Virginia Colista, 101, and her grandchildren sat in the ruins of their house in San Salvador after the earthquake. Two other children in the family and their mother were killed.

U.S. General Warns Against Nuclear War Plan

By George C. Wilson
Washington Post Service

WASHINGTON — Gen. David C. Jones, chairman of the U.S. Joint Chiefs of Staff, has left office with the warning that it would be pouring money into a "bottomless pit" to try to prepare the United States for a long nuclear war with the Soviet Union.

Gen. Jones, who stepped down on Friday from the highest U.S. military position, said he doubted the any nuclear exchange between the Soviet Union and the United States could be contained but would escalate into an all-out war.

Rather than spend the billions of dollars it would take to prepare the United States for a protracted nuclear war, Gen. Jones said, it would make more sense to build up U.S. forces for more likely non-nuclear conflicts.

Defining "protracted nuclear war" as one lasting "weeks or months," the 60-year-old four-star general said: "If you really put a lot of emphasis on it, you've got a bottomless pit in terms of dollars."

He said that even if one were to say, "I'm going to do everything to try to fight a protracted nuclear war," the resources for that are too great, even if the Reagan administration achieves its goal of increasing military spending by 7 percent a year after allowing for inflation.

With that increase, he said, "We're going to have a hard time doing what is already on the books. We are in the priority business. We have greater needs" than trying to prepare the United States for protracted nuclear war, needs such as paying for the forces and weapons needed for conventional conflicts.

His contention that there is not enough money in sight to gear up for lengthy nuclear war came in response to questions about the guidance Secretary of Defense Caspar W. Weinberger recently issued to the military services to help them structure their forces in the five-year period from fiscal years 1984 through 1988.

In a headline May 30, The New York Times portrayed the guidance as the "first strategy for fighting a long nuclear war," and said in an accompanying article that the Reagan administration was embarked on a "new nuclear strategy."

The Times report brought a public protest from the Soviet Union and denials from U.S. officials that waging protracted nuclear war is a desirable thing, something that we want to do, something that we are planning to do. Officials also said there was little new in the guidance.

At a briefing, a high Pentagon official, who could not be identified under the ground rules, said: "The important thing to bear in mind here is that no one is suggesting in this guidance that a protracted [nuclear] war is a good thing, a desirable thing, something that we want to do, something that we are planning to do. But the capability of dealing with a protracted attack upon us is important to develop, because if we develop the capability... we can hope to deter it."

Gen. Jones said Friday that he considered the Weinberger guidance "evolutionary" rather than "revolutionary." He said the big decisions that would be required to prepare the United States for protracted nuclear war, such as a massive civil defense program, have not been made.

What the United States has done so far to prepare for limited and/or protracted nuclear war includes giving missile-launching systems the capability to respond in kind to a Soviet attack — such as firing only a few warheads at strictly military targets — and hardening communication links so that the president and other decision makers could keep in touch with military commanders during a nuclear attack.

James R. Schlesinger, defense secretary from 1973 to 1975, pushed the development of missile-launching systems for limited nuclear war. Shortly before leaving office, President Jimmy Carter issued directives calling for improved command, control and communications for nuclear war and the targeting of Soviet decision makers and military targets.

Presidential Directive 59, issued in 1980, stressed that the Russians should not be allowed to win either a conventional or a nuclear war for want of adequate U.S. responses. President Reagan has built upon that concept in his five-year strategic program, partly by allocating more money than his predecessors for command and control equipment needed to wage nuclear war.

Tass Denounces U.S. Ban on Gear for Pipeline

The Associated Press

MOSCOW — The Soviet press agency Tass has criticized President Reagan's extension of a ban on the sale by U.S. firms of oil and gas equipment to the Soviet Union, saying the decision was an attempt to turn routine trade "into an instrument of political blackmail."

"This decision is sure to aggravate differences on both sides of the Atlantic in relations between the United States and the West European countries," Tass said Saturday.

The White House announced Friday that Mr. Reagan was extending the sanctions against sales by U.S. firms and also expanding it to include foreign subsidiaries and licensees of U.S. companies.

The ban on U.S. supplies of machinery for the Siberian natural gas pipeline to Western Europe was issued Dec. 29 after the imposition of martial law in Poland.

An administration official said Friday that there had been no change in Poland that satisfied Mr. Reagan and that the sanctions were being extended "to express our deep concern."

The United States has opposed Western Europe's decision to take large consignments of Soviet natural gas, fearing it would make its allies too dependent on the Soviet Union.

Mr. Reagan's decision Friday was described in the Soviet Union as a "fresh step on the path of building up international tensions and upsetting mutually beneficial business and economic East-West cooperation."

Germans Criticize Move

FRANKFURT (AP) — AEG-Telefunken, a West German electrical concern, said Sunday that the Reagan decision threatened thousands of jobs at AEG and may have far-reaching consequences for European and U.S. trade with the Soviet bloc.

AEG, which has been in financial difficulties for three years and which is asking aid from West German banks and the state, is one of several West German companies participating in construction of the 3,000-mile (4,800-kilometer) pipeline carrying gas from the Yamal peninsula in Siberia to Western Europe.

AEG contracted last fall to deliver 47 gas turbines worth about 650 million marks (\$265 million) for compressor stations along the pipeline. A subsidiary, AEG-Kanis, is also under contract to deliver equipment for the project.

President Reagan's expansion Friday of the sanctions to include foreign subsidiaries and licensees prevents the supply to AEG of important electrical parts from General Electric in the United States.

Talks on Acid Rain to Open in Sweden

Reuters

STOCKHOLM — Environmental experts who begin a four-day conference Monday on acid pollution will have before them a study by Swedish scientists reporting that acid rain has destroyed plants and fish in 4,000 of Sweden's 15,000 lakes.

The conference will discuss what many experts regard now as the world's most serious environmental problem — the acidification of lakes, air and water. The conference will be followed by a meeting here next week of 33 environmental ministers whose countries signed the 1979 Geneva convention on transboundary air pollution.

The report, prepared by Swedish scientists for the "Environment '82" meetings, describes the devastating effects of airborne sulphur and nitrogen oxides on lakes, land and forests up to hundreds of miles from the industrial sources of the pollution.

1970 Protocol on Guyana Expires, Reopening Venezuela's Land Claims

The Associated Press

CARACAS — The Port of Spain Protocol, which froze Venezuela's claim to 50,000 square miles (129,500 square kilometers) of territory in Guyana for 12 years, has expired.

The question now reverts to the terms of the 1966 Geneva Accord, signed by Britain, Venezuela and Guyana, stipulating that both parties negotiate for three months. If no agreement is reached by then, the matter goes to the secretary-general of the United Nations.

The protocol, signed in 1970 in Trinidad, expired Friday because Venezuela refused to extend it. Foreign Minister José Alberto Zambrano held separate meetings here Friday with the ambassadors of Britain and Guyana.

The area in dispute is west of the Essequibo River and makes up about two-thirds of Guyana's territory. Recent studies have said the territory is rich in bauxite, from which aluminum is obtained. Venezuela contends that an 1899 arbitration award by British judges on the Essequibo region was fraudulent.

But he also gave the standard instruction that evidence the defendant had or has some mental illness does not necessarily mean he was legally insane or was not responsible for his actions.

He told the jurors that, if they found the defendant not guilty by reason of insanity, he would be committed to a mental hospital and confined there indefinitely, unless and until "the court finds by a preponderance of the evidence that he is not likely to injure himself or other persons due to mental illness."

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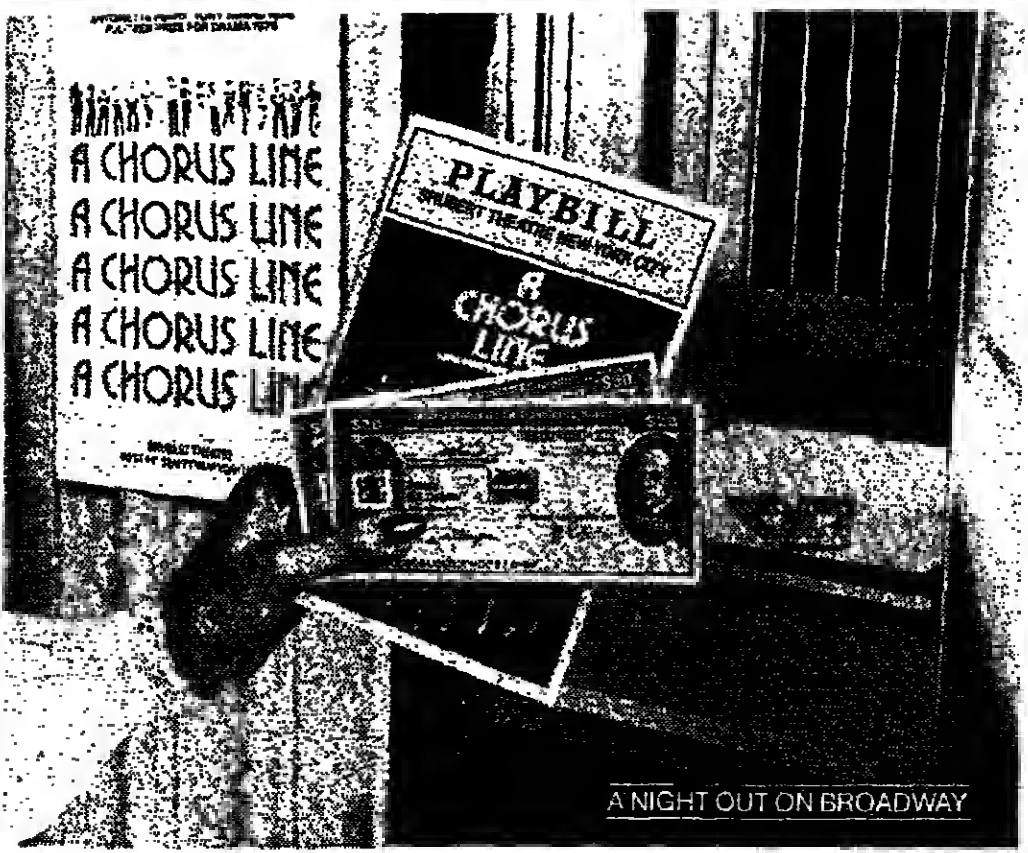
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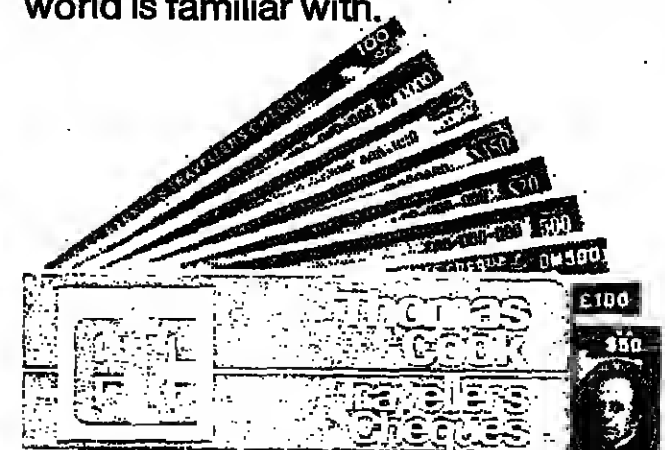
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Despite Devaluation, Mitterrand Hesitates To Shift Political Stand

By Richard Eder
New York Times Service

PARIS — The economic consequences of France's devaluation of the franc on June 12 and the announcement a day later of the first of what may or may not be a series of stringent anti-inflationary measures have yet to be seen.

"The Last Chance" was the headline in *Les Echos*, a financial newspaper not notably supportive of the government. *Le Monde*, which tries to be as sympathetic as it can, concluded, "The franc is not saved; merely reprieved."

Already, however, the reactions suggest that President François Mitterrand has suffered his first serious political setback since he took office little more than a year ago. It was not simply that a policy that told the French that they could have economic growth, redistribution of income and social change in the midst of a recession has been thrown into question.

It was that, even as the government was announcing the first of its austerity measures, no real change of political message went with it. Press leaks and commentators had prepared the country for a call for sacrifice and austerity at a major news conference on June 9, but Mr. Mitterrand then gave reporters only vague hints that change might be needed. Essentially, he said growth would continue and all would go well, if a bit more slowly than expected.

Economic Reactions

Liberation, which is moderately leftist and supports the government's aims, though often critically, accused the president, in effect, of shirking his duty to lead. It compared him to the stock market cartoon character who pedals his bicycle off a cliff and keeps pedaling in the same direction, even though there is no ground under him.

On the economic side, the first financial reactions were about as expected. The value of the Deutsche mark, instead of rising by 10 percent as the French devaluation and West German revaluation provided for, increased by only 6 percent. Basically, this means that both currencies are comfortably back in the middle of the float allowed by the European Monetary System and that, for the moment, the pressure is off the franc.

But a devaluation is, at best, a means for encouraging attention. By ordering a four-month freeze on prices and wages, the government has disclosed only a part of its intentions. More important, nobody at this stage is guessing whether it will pursue its plan if

the effects of the freeze become unpopular.

Complaints have already begun. The opposition parties have, predictably, accused the government of incompetence. More important, the initial reactions of business and labor have ranged from wary to hostile.

Employer Chief Objects

Prime Minister Pierre Mauroy on Thursday began what will undoubtedly be a series of meetings with representatives of the major labor and employers' groups. But Yvon Gattaz, head of the powerful National Council of French Employers, said the price freeze was unsatisfactory, objected to the plan to increase payments to stabilize the social security system and called for the postponement of measures giving more rights to workers.

As for the unions, their political support for the government has made them more circumspect. But the biggest group, the Communist-led General Confederation of Labor, has warned against any reduction of workers' purchasing power. However the wage and price freezes work out, the critical question is what will happen when they are lifted. For the government to persuade management and labor to negotiate long-term agreements of restraint will call for a great deal of persuasion, and more political definition than the Socialists have so far managed.

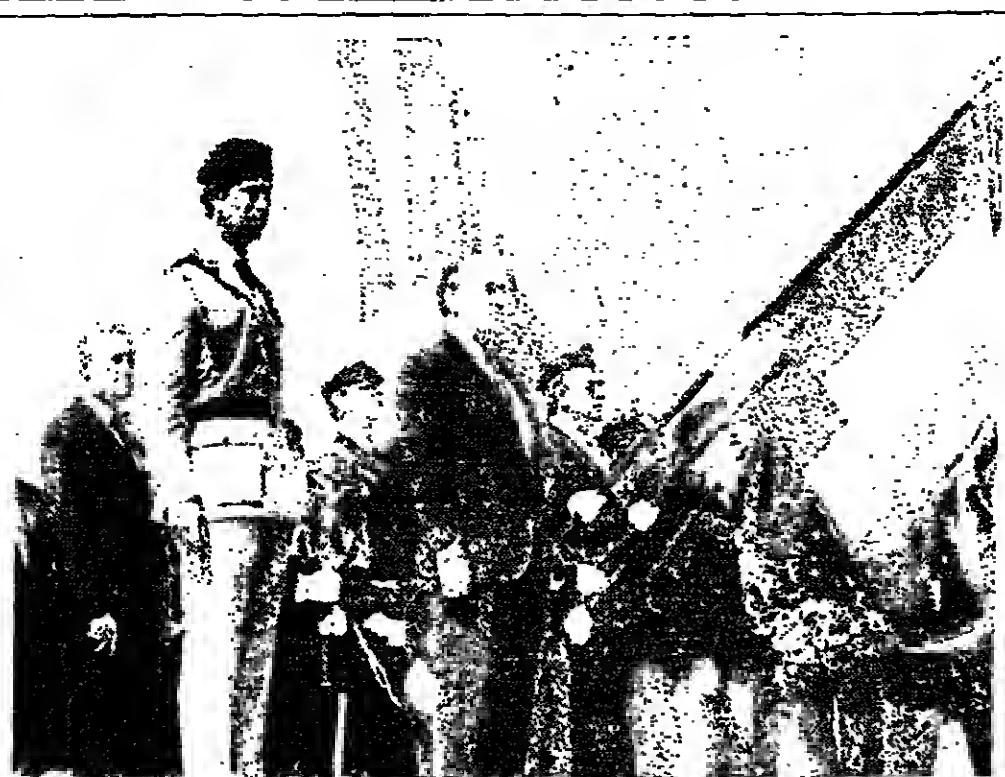
Mr. Mitterrand, who usually shows great skill at matching the public mood, has shown considerable uncertainty in marshaling political support for what is clearly the most critical test his government has faced.

Polls have indicated for some time that the public, worried about inflation and retaining a great deal of trust in the president, would support an austerity program. Yet Mr. Mitterrand has, so far, failed to find language to match the measures that his ministers are beginning to take.

It is possible that he has misjudged his timing and will move to regain the initiative. But there are some real difficulties in his position.

The Socialists may have come to power because the French were dissatisfied with having one political grouping in power for 25 years. Polls show that despite the difficulties, the French are quite happy with their change.

But one year into office, Mr. Mitterrand and his party still cling to the notion that they came to power because of their program, which offered important economic and social changes while retaining the main national and international structures of French life.



RAID CELEBRATED — Prince Charles of Britain, left, and French President François Mitterrand during a commemoration Sunday of a British raid on a Nazi radar station at Brunval, on France's Normandy coast. The attack, by British paratroop commandos, took place on Feb. 28, 1942, and was the first incursion by Allied forces into German-held France.

Immigration of War Foes to U.S. Linked to Plot to Oust Albanians

By Ralph Blumenthal
New York Times Service

NEW YORK — Albanian émigré leaders who collaborated with Axis forces in World War II were helped to enter the United States in the early postwar years in connection with efforts to undermine the Communist government of Albania, according to State Department documents.

The documents have been declassified and were obtained by Marc Truitt, a Stanford University doctoral candidate working on a dissertation on political mobilization of Albanian exiles during the Cold War.

The papers prompted Congress to reopen an investigation into a possible cover-up involving suspected Nazi war criminals and collaborators given refuge in the United States.

The documents are said to show that although the State Department initially objected to admitting some of the Albanian émigré leaders because of their backgrounds, intelligence considerations later brought a reversal.

The intelligence efforts, which included dropping agents into the Balkans by parachute in the early 1950s to foment revolts, were unsuccessful and exacerbated Albanian hostility toward the United States.

A State Department official, Ron Neitzke, said he had not seen

the documents and could offer no comment. A State Department spokesman, Alan D. Romberg, earlier denied that there had been an attempt at a cover-up.

Albania, which is on the Adriatic between Yugoslavia and Greece, was occupied by the Italian and Nazi armies from 1939 to 1944, when it was liberated by Communist-led partisans. It is among the most politically isolated nations; it has broken with its former allies, the Soviet Union and China, and only recently signaled an interest in closer relations with Western Europe.

John J. Loftus, a former war crimes investigator for the Justice Department's Office of Special Investigations, alleged May 16 on the CBS News program "60 Minutes" that U.S. intelligence agencies had smuggled Belorussian Nazi collaborators into the United States for agitation against the Soviet Union.

Mr. Truitt then made some of his Albanian documentation available to Mr. Loftus, who passed it on to the General Accounting Office, an investigative arm of Congress. Mr. Loftus said Axis collaborators could not legally enter the United States.

The General Accounting Office said in 1978 that it had found no evidence of any "widespread conspiracy" to obstruct investigations of suspected war criminals in the United States. Then disclosures that some files had been hidden

from the office's investigators prompted the House Judiciary Committee to ask the agency in May to reopen its inquiry.

Mr. Truitt obtained an account of a visit by Mithat Frasheri, leader of the Albanian wartime group Balli Kombetar, or National Front, to the U.S. ambassador in Rome in November 1947. Mr. Frasheri wanted 30 followers admitted to the United States to counteract Communist "intrigues" among Albanians. First on the list was Hasan Dosti, Albania's minister of justice during the Italian occupation.

Months later, after checking secret files on Mr. Frasheri and his followers, the State Department replied that it "does not believe it would be appropriate" to facilitate the group's entry. "It is apparent that the political backgrounds of many of the Albanian exiles in Italy are somewhat checkered and that the presence of these persons in the United States in the circumstances envisioned might sooner or later occasion embarrassment to this government."

Yet by April, 1949, Mr. Dosti was in Washington urging officials to support a committee of Albanian émigrés. He later became the president of the U.S.-sponsored National Committee for a Free Albania. He is now 87 years old and lives in Los Angeles.

Assertions Dismissed

In a telephone interview, Mr. Dosti dismissed as Communist propaganda assertions that Albanian war criminals had come to the United States, adding that he fought the Germans and that the Germans killed members of his family.

The Free Albania committee was given a voice in U.S. policy, according to an account in 1949 of a meeting between Dean G. Acheson, the secretary of state, and Ernest Bevin, the British foreign secretary.

"Bevin," Mr. Acheson was quoted as saying, "asked whether we would basically agree that we try to bring down the Hoxha government when the occasion arises. I said yes, but if this were precipitated now the Greeks and Yugoslavs might touch off serious trouble. Bevin agreed that we have to be careful or Russia will intervene. He asked what government would replace Hoxha if he is thrown out? Are there any kings around that could be put in?"

A U.S. intelligence agent involved in such efforts was Michael Burke, later president of the New York Yankees baseball team and a CBS executive. In an interview in March in Ireland, Mr. Burke said that in the late 1940s, "I was asked by the CIA if I would try to create a revolution in Albania." He concluded that "you couldn't do it with just locals."

Alaska Mails State Funds To Residents

\$1,000 Checks Begin A Payout of Revenue

By Wallace Turner
New York Times Service

FAIRBANKS, Alaska — The first \$1,000 checks have gone into the mail in the state capital of Juneau to begin an unusual distribution of state funds.

More than 400,000 adults and children who live in the state are eligible to apply for a \$1,000 payment from the earnings of the Alaska Permanent Fund, \$3.1 billion representing part of the state's oil royalties.

As the program began, only 160,000 people had applied. But there were long lines Thursday at state offices here and in Anchorage to pick up application forms. Residents have until mid-October to file applications.

Half the earnings of the Permanent Fund will be distributed each year under a law signed last week by Gov. Jay Hammond. Estimates are that next year's individual payment will be \$356, and \$247 in 1984.

Distribution of what Mr. Hammond likes to call "Permanent Fund dividends" was to have started in 1980 under a law that paid \$50 for each year of residence since Alaska became a state, which at that time would have amounted to a maximum of \$1,050.

The State Supreme Court rejected a case charging that this favoritism to longer residents was unconstitutional, and last Monday the U.S. Supreme Court, which had granted a stay pending appeal, overturned this decision.

Meantime, the legislature, had passed a stand-by bill allowing a flat \$1,000 for all who have lived in Alaska for six months, which is what Mr. Hammond signed Wednesday night.

Cash for Natives

The money will be very important to some people who live in poverty in this state, where oil wealth permitted Alaska several years ago to abandon income and sales taxes. Alaskan natives subsisting on fish and game will particularly welcome the windfall.

Gov. Hammond was unhappy that the original payout plan was upended, but he said the new plan would maintain much of what he wanted when he proposed the Permanent Fund and the dividend plan.

"I wanted to curb the runaway growth of government," he said. "I wanted to create a constituency that would stand guard over the Permanent Fund. And believe you me that the politicians would have sopped up every penny of it if we hadn't stopped them."

Mr. Hammond will leave office in January at the end of his second term, the legal limit.

He said he wanted Alaskans to realize that "this is their money that the politicians are paying out for programs the state has no business being involved with." He said: "Special interests come to Juneau and get what they want and people ought to put a stop to it."

Not everyone supports the dividend plan. Robert Penney, a wealthy real estate developer, said he would give his \$1,000 to the Anchorage Chamber of Commerce Executive Committee.

"We should be investing in legacies for the future such as hydro projects, roads and bridges," Mr. Penney said.

Steve Cowper, a Fairbanks lawyer seeking the Democratic nomination for governor, said he feared that the payout would lead Congress to enact legislation cutting into Alaska's oil income.

Three Cosmos Satellites Put in Orbit by Moscow

United Press International

MOSCOW — The Soviet Union has launched three satellites in its Cosmos series, Tass said during the weekend.

The Cosmos 1379, 1380 and 1381, launched Friday, were all operating normally, Tass said Saturday. The press agency said all three satellites were designed to continue research into outer space.

Reagan Urban Report Says Federal Aid Has Hurt Revival of Cities

By John Herbers

WASHINGTON — In a reversal of policy from past administrations, a draft of the first urban policy statement of the Reagan administration asserts that federal aid has contributed heavily to the decline of American cities and argues that many grants now being made ought to be eliminated.

The report proposes criteria for the federal role that would rule out a wide range of assistance, including help for street repairs, transportation and water supply, areas where federal dollars are now used extensively.

The report, prepared for Congress by the Department of Housing and Urban Development, asserts that even the most fiscally troubled cities are capable of recovering without federal grants.

Comprehensive Statement

The report is the administration's first comprehensive statement of urban policy. It says some federal programs of the last two decades have transformed local officials "from bold leaders of self-reliant cities to wary stalkers of federal funds" and have helped cause the poor to become the only class of Americans without motivation to move elsewhere for better opportunity.

"Cities can learn to become masters of their own destinies regardless of the level of federal support," the report asserts. "The federal government cannot develop the flexible, broad range of policies and partnerships needed to rebuild and revitalize urban life. Neither can it guarantee a city's long-term prosperity. All too often the promise of such guarantees has created a crippling dependency rather than an initiative and independence."

"It will now be the responsibility of local leadership, working closely with the private sector and the city's neighborhoods, to develop a strategy for the survival and prosperity of the country's cities," the report concluded.

States rather than the federal government, it says, are capable of reducing disparities between the affluent suburban areas and impoverished central cities.

Consistent With Reagan Policy

The report is consistent with President Reagan's opposition to regulation and his desire to turn power back to the state and local levels. Until now, his philosophy as applied to cities has not been stated in such detailed form.

The administration is required by law to file an urban policy

statement with Congress every two years. The report has gone through several revisions, some ordered by the White House. It is expected to go to Congress soon without major alterations, officials said. Congressional hearings on its contents are expected this summer.

E.S. Savas, the assistant secretary of housing and urban development for policy development and research, said the document was by no means complete but would mark a bold departure from past policies. Other officials said the 40,000-word document was a fair representation of the views of the federal agency to which cities look for representation in Washington.

The federal document contrasts sharply with the urban policy statement submitted two years ago by the Carter administration, which called for a panoply of federal urban aid. It also goes further than a report by the President's Commission for a National Agenda for the Eighties, released just before President Reagan's inauguration, in declaring that the federal government should not intervene to slow the decline of old urban centers, as it has done under several administrations.

Mayors Meet in Minnesota

As the report was near completion, the U.S. Conference of Mayors, which is holding a convention this weekend in Minneapolis, was preparing to act on resolutions seeking increased federal assistance. Most large cities have been cutting services and raising taxes to cope with the recession and cuts in federal funds, and many states are in the same predicament.

The billions in special federal aid that have gone to cities in the last two decades stemmed from the belief that cities could not help themselves or obtain enough aid from the states because middle-class citizens had moved out. Behind them they had left the central urban cores with low tax bases and large concentrations of the poor, minorities and the elderly, as well as decaying physical facilities.

The report to Congress would make a 180-degree change in this description of the plight of the cities. It would disagree with general revenue sharing and other federal programs the cities are still receiving.

The report asserts that states have become more responsible to urban needs; that regional differences in income and tax potential have narrowed, eliminating the need to subsidize poor regions, and that cities can no longer rest on the industrial and manufacturing bases that made them great.

U.S. High Court Asserts Rights for the Retarded

By Fred Barbash

WASHINGTON — The Supreme Court has established for the first time constitutional rights for people committed to institutions for the mentally retarded, including a defense that the problems were caused by "budgetary restraints."

Nevertheless, the decision is a cornerstone in what has become a "patients' rights" movement comparable in many respects to the prisoners' and defendants' rights thrust of the 1960s and 70s.

The case began with a suit brought on behalf of Nicholas Romeo, a 33-year-old man with the mental capacity of an 18-month-old child. Mr. Romeo's mother had him legally committed in May, 1974, to the Pennsylvania State School and Hospital near Philadelphia. That state-run institution has been the subject of numerous suits and complaints of mistreatment.

She became concerned about her son's treatment after learning that he had been injured at least 70 times both by his own hand and by others reacting to his behavior. She also learned that officials had repeatedly confined him in physical arm restraints during portions of each day.

Justice Powell said that the patients should have at least the constitutional protections afforded prisoners, such as a right to safe conditions and the right to be free from unnecessary physical restraints. He based his ruling on the due process clause of the Fourteenth Amendment to the Constitution, which protects the personal physical liberty of individuals from unfair or unreasonable incursions by the states.

Experts in mental health law said Friday that even with its ambiguities, the ruling in *Youngberg vs. Romeo* was an important change in the law. "It is a positive step in the right direction," said Norman S. Rosenberg, director of the Mental Health Law Project in Washington. Mr. Rosenberg said it was the first time the court had said that such institutions have to do anything besides basic maintenance for patients, the first time any "affirmative right" to training had been granted.

many points unclear, in an attempt to allow flexibility for professional judgments. The ruling also allowed numerous defenses for hospital officials sued for mistreatment, including a defense that the problems were caused by "budgetary restraints."

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Experts in mental health law said Friday that even with its ambiguities, the ruling in *Youngberg vs. Romeo* was an important change in the law. "It is a positive step in the right direction," said Norman S. Rosenberg, director of the Mental Health Law Project in Washington. Mr. Rosenberg said it was the first time the court had said that such institutions have to do anything besides basic maintenance for patients, the first time any "affirmative right" to training had been granted.

Thousands Take Part In Paris Peace March

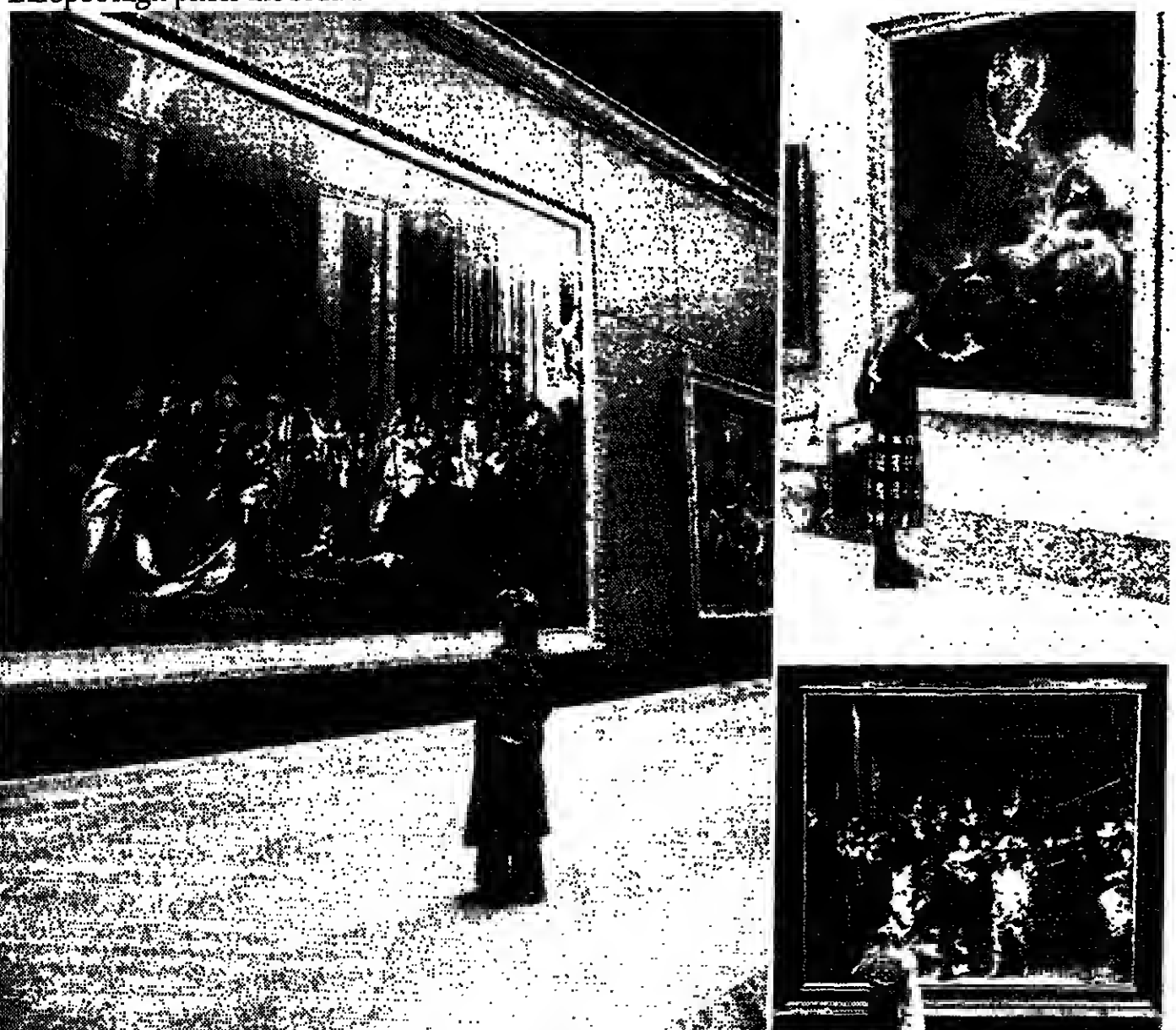
United Press International

PARIS — Tens of thousands took part Sunday in a peace march here. Participating groups estimated the crowd at 200,000.

The ruling Socialist Party refused to endorse the march. It was led by 100 prominent personalities in the arts, sciences and politics and supported mainly by Communist-led unions, the Communist Party and other leftist groups.

Give the folks back home a picture of Europe and save enough on the call to paint the town.

When you're having the most colorful trip of your life, let your family and friends have a "look" right along with you. Give them a call. But first, check out all the money-saving tips below, so you can give Europe's high prices the brush.



Bell System

Save on surcharges. Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on!

There are other ways to save money.

Save with a shortie. In most countries there's no three-minute minimum on self-dialled calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. And you pay for the callback from the States

with dollars, not local currency, when you get your next home or office phone bill.

Save these other ways. Telephone Company Calling Card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid surcharges altogether by calling from the post office or from other telephone centers.

Save nights & weekends. Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable. Now you have the whole picture.

Herald Tribune

Published With The New York Times and The Washington Post

Dark Argentine Prospects

It is good to see General Galtieri forced to quit the presidency of Argentina. Thinking to escape from domestic unrest, he led his country into a foreign adventure that culminated in national humiliation. Ostensibly a patriot, he did not have the courage to take the formal step — renouncing further military operations — requisite to the speedy repatriation of the surviving soldiers whom he had sent, ill prepared, into battle. His departure in disgrace is a very small price for him to pay.

A much larger price, unfortunately, will have to be paid by Argentina.

In a just world, Gen. Galtieri would have been succeeded by elements committed to ending the military dictatorship and restoring civilian rule. But Argentina seems tragically unable to sustain such elements. In his key role as army commander in chief, Gen. Galtieri has been succeeded by a general known for his political narrowness and for his cruelty to civilians in the six years since the last coup. And a search for scapegoats in the Malvinas affair is now bound to dominate Argentina's military-based politics. The likelihood of popular discontent would be a resurgence of Peronism, a form of mass sickness with no known cure.

Let 'em stew, says one school: Do what can be done to make sure that Argentines do not flee, as they are prone to, from a true

knowledge of what their dictatorship has done to the country. That is the way to show that aggression does not pay, this school argues, and it may even be the way for Argentina to experience the internal transformation needed to bring eventual democracy.

This translates into a U.S. policy aimed at, if not punishing, then isolating Argentina. It has a vengeful ring, but some of those who wonder how else to treat the special misery of Argentina do not dismiss it out of hand. The goals of such a policy — confession, catharsis — might be desirable.

Merely to state them, however, is to indicate that Argentina is a place largely beyond the reach of conventional diplomacy. The Argentines are likely headed into a period of inner turmoil, convulsive even by their standards and tinged by the sense of Argentine uniqueness, revealed as anti-Americanism, congenial both to Peronists and generals.

In those circumstances, the sensible course is to deal with Argentina in a way that allows the United States to start knitting up the hemispheric ties frayed by the Falklands war. For general Latin purposes, it would help for Mr. Reagan to make clear that he prefers democrats to dictators. But this should not be done in any expectation that it will make much of a difference with in Argentina.

THE WASHINGTON POST.

An Issue for Father's Day

New American fathers whose working wives do not get pregnancy leaves or maternity benefits are victims of discrimination against women. Divorced fathers in states where the mother automatically gets custody of "a child of tender years" are victims, too. Grandfathers suffer from sex discrimination in states where widows never get credit, for inheritance purposes, for their "homemaker" contributions to the family estate. Discrimination against one sex usually hits both.

Which is why fathers, and men in general, would benefit from an Equal Rights Amendment. They would share the dividends that would follow from improving the official status of women. As with the civil rights revolution, the favored class (whites then, males now) gains from social justice.

Supporters of the proposed amendment

unusually agree that in the 10 years of effort to ratification, the amendment has had many mothers but too few fathers. That decade ends in 10 days, probably three states short of adoption. Two-thirds of the public supports the ERA. Yet some women, entertaining vague and even false fears, helped to stall the amendment. So did the men who jammed key state legislative committees.

The battle may now be lost; it will surely start again. More women will see less of a threat in government's recognition of their equality. More women will want equal pay for equal work. More women will contribute funds and political skills to the cause. Father's Day 1982 has been a fit time to hope that more men, recognizing the cause to be universal, will also make it theirs.

THE NEW YORK TIMES.

Other Editorial Opinion

'It Is Utterly Appalling'

There is only one thing about the war in Lebanon that is beyond all dispute. Hundreds of thousands of ordinary people are on the move, needing urgent help, and Israel is putting politics before their plight.

It is refusing to allow UN agencies to use the food, medicines and disaster experts they have rushed to the borders of Lebanon. Only the International Red Cross is free to dispatch supplies, and even they cannot enter Beirut or land stores now piling up in Cyprus. It is not enough for Israel to say that it is coping. There is no excuse for its refusal to allow international bodies to perform their traditional roles. It is utterly appalling that the Israeli victors should obstruct these humanitarian non-political operations.

—From The Sunday Times (London).

Argentina After Defeat

Argentina has just suffered a defeat on the battlefield, and a clarification of the situation emerging from this unfortunate event is urgently required.

—From La Nación (Buenos Aires).

Call it what you will, ladies and gentlemen, you have just witnessed another coup.

If all of this is confusing to those who have not followed the events of the past six years in detail, then what is coming up now is bound to baffle them still further.

In the confusion of Thursday's game of military politics, the country was left, for all intents and purposes, president-less in the crucial hours following a clear military defeat of the Argentine armed forces.

The government must have a single figure to head it, one well-chosen and responsible president. It is time to get down to the serious business of building the kind of strong, stable, democratic nation Argentina could be, and to leave behind the embarrassing stigma of the undeveloped world [of] power struggles and stagnation.

—From the Buenos Aires Herald.

In war, truth is the first casualty, and it is necessary to stress that in that sector very grave errors were committed by Argentina. Psychological action, propaganda and information of British origin invaded newspaper columns from the beginning of the war, while in our country the news was administered with an eyedropper and journalists ran into serious obstacles in doing their jobs. [The defeat] must serve to show us that we must be

united, as we have been told so often in recent days. But this cannot be achieved unless each citizen knows the whys and wherefores of that need for union.

—From Diario Popular (Buenos Aires).

The Retreat From Empire

Without a political settlement, without international security guarantees, without foreign economic aid, the financial burden of maintaining a Fortress Falklands policy could become formidable. [And] it would damage our relations with other Latin American states and reduce our outlets for trade in those countries. It would also mean either a reduction in our contributions to NATO or a substantial increase in our defense budget, which is already too high for a country with three million unemployed. The British public can see clearly enough that the islands are a long way from home and barely viable. [The British] people have learned to accept the long retreat from empire.

—From The Observer (London).

Falkland Fallout in Florida

The military crisis in the South Atlantic is a reminder of a peculiarity of naval warfare: Ships sometimes take their own sweet time to cover long distances. If a confrontation occurred in the Caribbean, would [the United States] be better off deploying naval forces from Key West or from some port hundreds of miles farther away? Obviously, from Key West. The Navy had planned to abandon the Truman Annex in Key West. It should [announce] plans to reactivate the base. The nation's security demands no less.

—From the Miami Herald.

Early Lessons at Mundial '82

A week after the kickoff of soccer's World Cup, which will wind up on July 11, Spaniards who hoped to milk fans for quick profits are complaining that the take falls far short of expectations. Yet, despite its political-military background, Mundial '82 has already lived up to its promise. The so-called little countries — Algeria, Cameroon, Honduras — have gamely taken their chances in this North-South confrontation. It emerges, too, that great teams — Brazil, Argentina, England — never die, and that soccer can still be fine spectacle and an art.

—From Le Monde (Paris).

A Wealth of War Facts, but Stunted Imagination

By James Reston

WASHINGTON — Wars are over in a hurry these days, with all flags flying, but not for long at half-staff. Governments make war but soon forget the people who have to fight them. We must think of the living and not the dead, they say, which is a good idea but a little late.

In a patch of open land in the battle-scarred center of Sidon, my colleague Eric Pace wrote from Lebanon, "a dusty bulldozer was spreading dirt over the bodies of civilians in a pit 60 yards long, 10 to 15 yards wide, and up to 15 feet deep."

"The Israeli civil affairs administrator for Sidon, Maj. Arnon Mozer, estimated that the Lebanese civilian death toll in Sidon was 400 at most. He indicated that the plan was to bury them in the pit."

The Lebanese police, still digging through the rubble, tried to count the dead. In the Falklands, the British counted their dead and the Argentine dead. (The British added that their more than 10,000 Argentine prisoners were "a sorry state," many of them seriously ill with malnutrition, dysentery, frostbite or scabies. But the Argentine government wouldn't agree to end all military operations until the British pulled out and abandoned their victory.)

Meanwhile, the leaders of the world were gathered at the United Nations in New York

proclaiming their devotion to peace. The Argentines and the Israelis were justifying war in the name of self-defense, but they were saying very little from the podium about the bodies in the pit.

One watches all this with sickening anxiety: so much longing for peace all over the world, but so much official hypocrisy. Arab leaders crying for the peace they have denied to the state of Israel. Menachem Begin, the old terrorist, denouncing terror and demanding not "an eye for an eye" but hundreds of lives for an eye. The Argentines appealing in confusion to the United Nations, whose principles they defied and even mocked by their invasion of the Falklands.

But we must rush on to other questions. We are told, even before the dead were buried. Would Ronald Reagan meet Begin in the White House, or like two-thirds of the delegations at the United Nations, not even have the decency to listen to him? What would happen in Argentina now that Galtieri had been ousted? What was the political future of Begin now that Ariel Sharon had demonstrated that he has the courage of his prime minister's convictions?

All this is debated with the utmost seriousness, as if the departure of these fading

characters really made any difference. And meanwhile there is another and maybe more important question. What do the people think about this appalling spectacle, and what do they propose to do about it? It cannot be said that the people have not heard and even seen the news.

Despite the British government's efforts to manage the flow of information out of the Falklands, and the Israeli censorship in Lebanon, we have a rough idea of the facts. But between the podium at the United Nations and the pit in Lebanon, we may have lost the meaning of the facts.

Archibald MacLeish, the distinguished American poet who died recently, had something to say on this subject. We are constantly and justly being reminded in the United States, he said, that we are better informed now than any other people in history, but he wondered whether we were really taking this torrent of information into our minds.

"We are deluged with facts," he wrote in a study of poetry and journalism, "but we have lost, or are losing, our human ability to feel them." He observed that Napoleon's retreat from Moscow, if it happened today, would be broadcast, minute by minute, photographed, televised, editorialized down to

the last detail. It so happens that when Napoleon actually did turn back from Moscow, the news was brought to New York by MacLeish's great-grandfather months after the event, and was spread over the front pages of the New York newspapers with intense effect — all through one man's slow telling.

"We know with the head now," MacLeish concluded, "by the facts, by the abstractions. Why we are thus impotent, I do not know. I know only that this impotence endures and that it is dangerous, increasingly dangerous. I know, too, or think I know, that whatever the underlying cause of the divorce of feeling from knowing, it is wrong to suppose that men can live and know and master their experience of this darkening Earth by accumulating information and so more."

"The real defense of freedom is imagination, that feeling-life of the mind which actually knows because it involves itself in its knowing, puts itself in the place where its thought goes, walks in the body of the little Negro girl who feels the spittle dripping on her cheek . . . MacLeish, if he had lived, would probably have related to see these quarters of a million people in New York's Central Park this month marching and singing for peace — calling on the leaders at the podium to remember the pit."

The New York Times.

Three Nations Wrecked and Still No End

By William Pfaff

PARIS — Hitler's work goes on. He set out to murder all the Jews of Europe, together with the Gypsies and the more troublesome of the Slavs, so as to purify the Continent of what he considered its forces of weakness and corruption. Germany and the Nordic Europeans should then dominate the lesser nations and races.

Hitler described Jews as wanderers, and, as Hannah Arendt wrote 35 years ago, by driving them out of Germany and stealing their possessions he created a reality to suit his beliefs. There were less than a million Jews in Europe when Hitler came to power. He proceeded to dehumanize them in camps which treated them as raw material to be processed into death. By 1945 he had killed as many as he could reach.

Hitler's policies turned Zionism, until then a marginal movement in European Judaism, into the vehicle of Jewish national survival. He undermined the plausibility of Jewish assimilation to the gentile world.

He gave Jews a national consciousness. He gave them, in George Steiner's words, the courage of injustice. He made them "into men of war, who made of the long, vacuous daydream of Zion a reality."

He was responsible for the creation of Israel. For the first time since antiquity, a Jewish state existed. The Jewish diaspora was called upon to return to Jerusalem.

Jerusalem, unfortunately, was already populated, by people who had been there longer than the Jews of antiquity. There were a million Palestinian Arabs. The Jewish in gathering caused a second diaspora, that of the Arab population of Palestine. Some fled; some were forced to flee. The argument over which, how many, and why is old and by now largely mendacious. The fact is that a new diaspora of 600,000 Palestinians was created as the historical result of giving a homeland to the Jewish diaspora.

Now there was a wandering Palestinian. For the Palestinians found refuge in Jordan. Naturally, this was a revanchist Palestinian diaspora, looking bitterly for revenge against the Jews. Other Arab states had fought against Israel's creation in 1949 and were

beaten. They afterwards made Palestine's cause their own in name, but they were cautious of the practical implications of conflict with Israel. Five wars — in 1949, 1956, 1967, 1973 and now in 1982 — have taught them how dangerous that could be.

The Palestinians found few true friends among the Arabs, or for that matter in the Soviet Union, which interested itself in them chiefly for the trouble they could make for the West. The Russians, after all, had been one of Israel's original supporters, when Israel seemed to be an outlaw, socialist state. Moscow turned against Tel Aviv only later, when the cultivation of the Arabs became more interesting to Moscow.

By the mid-1960s the Palestinians understood that their fate was in their own hands. They established their own organizations and began their campaign of terrorism, directed against Israel, launched from Jordan. The Jordanian leadership, however, had no great wish to die for Palestine, and found that the Palestinians had become so strong as deliberately to threaten King Hussein's ability to rule his own country. Thus, one day in 1970, the Jordanian Army attacked the Palestinians and drove them out of Jordan, and the Palestinians went to Lebanon.

Lebanon was too weak to keep them out. A part of the Palestinian diaspora was already in Lebanon, in refugee camps sponsored by the United Nations. The militant Palestinians once again built up their military power, and resumed their campaign against Israel from their new Lebanese bases. Under the shock of the Palestinian presence, the fragile communal compromises between prosperous Christians and poor Moslems which had governed Lebanon broke down, and civil war brought on and to the existence of that Lebanon which had been, by the standards of our disintegrating times, a tolerant and even happy nation, which had made no trouble for anyone — not even for Israel. Syria occupied the Islamic part of Lebanon;

the Christian Lebanese consolidated their own regions and found themselves in a de facto alliance of interests with Israel.

Hitler had killed Jews and driven the survivors to Palestine. The Jews killed Palestinians, and thousands fled to Jordan and Lebanon. The Palestinians nearly destroyed Jordan, were expelled, and then did destroy Lebanon, while going on killing Jews. The Israelis, in their turn, continued to kill Palestinians. The chain of murders goes on, reaching its most recent climax in the Israeli invasion of Lebanon, and in new killings, which appear to be in the thousands, if not the tens of thousands. The Red Cross says hundreds of thousands have been made homeless.

How will it end? It certainly is not yet ended. The Palestinians must either all be killed or they will move on. But the Syrians don't want them. The Jordanians don't want them back. They certainly will find no welcome, as a variety of "boat people," in the United States, Europe or the Soviet Union.

Hitler's work is not complete. Three nations in turn have been wrecked — European Judaism, Arab Palestine, Lebanon. What will bring it to an end? Extermination of the Palestinians? Must a nation somewhere be exterminated before Hitler's work is done?

Steiner says Jews made themselves hated because they kept telling everyone: "Wake up! God's eye is upon you. Has he not made you in his image? Lose your life so that you may gain it. Sacrifice yourself to the truth, to justice, to the good of mankind." The world was sick of that message. When Hitler turned on the Jews, no one seriously objected. Steiner puts into Hitler's mouth the belief that the world was "glad that the exterminator had come. Oh, they did not say so openly, I allow you that. But secretly they rejoiced."

What would, of course, allow Hitler to find rest in Hell would be the knowledge that the Jews themselves, in Israel, have finally given up their troublesome message and accepted his own way of looking at things. That would seem to be the issue before the government of Menachem Begin.

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The Chance for Israel To Change Its Future

By Flora Lewis

PARIS — There is much more at stake than the safety of Israel and the fate of Lebanon and the Palestinians in how their war ends. Urgent as it is to stop bloodshed and provide humane relief, it is essential, when so many dead, locked questions have been blasted open, to seize the chance to head off future disasters.

It is easy enough to be ironic about the follies that led to the current situation. The Israelis owe claim all of Palestine, since the Palestinians would never compromise when Israel would have settled for less. The PLO was chased out of Jordan because it tried to take over. Then, along with the Syrians, it destroyed Lebanon's independence. Now PLO leaders in Beirut are reportedly trying to establish talks with the United States to salvage their own political and, for the time being, military existence. And after all that was said about Egypt's peace with Israel, the PLO's new deputy commander, Farouk Kaddoumi, has now been appealing for Egyptian support.

But there is little point in looking back and distributing blame. A storm is gathering that can shake not only the whole Arab world but practically everyone else as well.

The reticence of most Arab states in reacting to the Israeli invasion is not due so much to distaste for the often obstreperous PLO or to Arab divisions. It is re-

flects fear not of Israel but of Iran and the fundamentalist movement that is radiating throughout Moslem societies.

That is the imminent danger to which leaders are most sensitive. Washington, worrying about Moscow, needs to realize that in comparison the Soviets are seen as a distant, cautious threat.

A French traveler with close and trusted ties to regimes in the Gulf region said leaders there scarcely mention the Israeli war because they are so frightened of the impact of the Iran-Iraq conflict. The old enmities between Shiites and Sunnis, between Persians and Arabs, are reawakening before the tide of militant revivalism.

It would not startle an Arabist steeped in the culture, but it is hard for other Westerners to comprehend the leaders' reaction. They are talking about a huge international fund, with European participation, to meet part of Iran's demand for reparations. Tehran is asking a cool \$150 billion.

It would mean paying tribute to a new caliphate, trying to buy off Khomeinists but in fact strengthening them and their appeal based on success. Nationalism and Marxism have failed the Arabs, but their youth and many intellectuals still yearn for a magic recipe to restore legendary glory. Khomeini claims to have it.

The futility of attempting to appease him and his followers should be clear from Israel's experience. Although Israel sent arms to help Iran against Iraq, Tehran has sent a first contingent of volunteers to fight Israelis in Lebanon, perhaps with Israeli equipment.

The picture of Iranian teenagers — with keys ("the key to paradise") pinned to their shirts — advancing on Iraqis through mine fields and gunfire reflects the passion of the movement.

In the last few months there has been an intense new wave of anti-Western fundamentalism unsettling to all Islam whatever the politics of governments.

Moderate Arab states are particularly vulnerable because of the humiliating paradox in which they are caught. They need the West for security and economic viability, but it is the same West that in their people's eyes is responsible for Israel. Now Israel has inflicted a profound new humiliation, a reminder that Arab leaders really have not succeeded in founding the basis for a sense of national dignity and pride.

This is a vast and deep weakness of Moslem societies, a central



source of instability. The very idea of paying tribute to Khomeini is a sign of the leaders' confusion and distress. Syria, although isolated, is seeking to extend its influence by claiming that it ties with Iran can be used to restrain or divert Tehran's mesmerizing enflamers.

There is not a lot to be done about it. Certainly arms sales are not a cure. But it is important, for Israel as well, to minimize the humiliation that spawns the urge to fanaticism, if reason is to have a chance. Some real progress toward resolving the long Israeli-Palestinian conflict is crucial if these wild forces are to be contained.

Once they spread massively, it will be too late. Victory is the time

The New York Times

High Dealing After These Lowly Wars?

By Joseph Kraft

WASHINGTON — After a spell in the wings, the two superpowers came back to the center stage last week at the United Nations. Only, without anybody seeming to have noticed, there has taken place a fundamental shift in the balance of power.

Due to the Israelis and the British, the United States has suddenly acquired a high ground for dealing with the Soviet Union. Between now and next fall conditions are very right for a Reagan-Brezhnev summit meeting on arms control. The recent change in the strategic balance was masked by several features. The Israelis and the British, for one thing, worked on their own account, not in explicit conjunction with Washington. In both cases, the drama of events on the ground drew attention away from the large diplomatic consequences. But once the comparison arises, a casual glance reveals how much the United States has been helped, and the Soviet Union set back.

The United States enjoys the fruits of striking military victories by two close allies. The supremacy of U.S. technology has been reasserted with a vengeance, for in the Lebanese fighting, American military equipment proved itself far better than the latest Soviet tanks, planes and missiles. Moreover, even though Washington stood aloof from the fighting, it emerges as the diplomatic arbiter. Margaret Thatcher and Menachem Begin, even in the full flush of victory, must look to Ronald Reagan to make good their larger purposes.

The Russians, by contrast, have taken a drabbing visible to the whole world. Their ally in the Middle East, Syria, has been shown to be a paper tiger. The PLO, which Moscow uses as a point man, has been cut to ribbons. Although the Russians themselves played it cool, their stooge in the Americas, Fidel Castro, failed miserably in his effort to beef up the Argentine resistance to Britain.

No outsider can be absolutely sure why Moscow allowed itself to be so clearly outplayed. But visitors to Secretary of State Alexander Haig come away with a roster of good reasons.

He believes the Russians are under severe internal economic pressure. He thinks they are strained by difficulties in Afghanistan and Poland. He suspects that the aging leadership cannot make the quick response now required by events. He is devoted to the idea that the Russians are now constrained to be serious about an understanding with America on arms control.

Common-sense evidence supports that analysis. While the world was practically coming down around their ears, the Russians last week made only one big move — the Brezhnev declaration renouncing first use of nuclear weapons, which was put forward by Foreign Minister Andrei Gromyko to the special disarmament session of the United Nations.

By itself the no-first-use declaration could be put down as propaganda. But in the Gromyko speech, the thrust was more serious, for in juxtaposed paragraphs the foreign minister sketched the outline of a basic deal.

In one paragraph Gromyko whined about the U.S. tactic of stressing as destabilizing "only one kind of weapon" — namely, Russia's monster missile, the SS-18. In the next paragraph Gromyko talked about American superiority in a new bomber (the Stealth) and in Cruise missiles. Which was a way of saying, "Well, yield on our advantages if you'll give on yours."

To be sure, Soviet hints have to be carefully explored in private discussions. But unless there is a hidden joker, the Reagan administration should be moving boldly.

Los Angeles Times Syndicate.

June 21: From Our Pages of 75 and 50 Years Ago

1907: Mayhem in the Midi

PARIS — The state of affairs in the south of France, already extremely serious, has taken a decidedly insurrectionary character. It is rumored that the prefect of the département de l'Aude, M. Aubanel, has been assassinated; there has been street fighting in Montpellier; a state of siege has been proclaimed at Narbonne; an agent of the secret police has been lynched by the crowd and thrown into the river, because, it appears, he had used language of a provocative nature. Communication with the south being partly interrupted, the most sensational rumors prevail, but there can be no doubt that there are very serious risings in many parts of the region affected by the agitations.

1932: New Taxes in America

NEW YORK — Starting June 21, Americans in virtually every walk of life will begin to contribute to the federal treasury in the form of excise and special taxes as provided in the recent revenue bill, thus contributing their share toward balancing the budget. The new levies have caused a number of minor business booms, because of the rush of buyers making last-minute purchases, anticipating the taxes, which will reach into nearly every branch of everyday life. Theatergoers will pay a 10 percent tax on all admissions above 40 cents, every automobile driver who refuels will pay an additional 1 cent a gallon on gasoline, and every check made out for payment of bills must carry a 2-cent stamp.

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Herald Tribune

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John Cheever, 70, U.S. Novelist And Pulitzer Prize Winner, Dies

By Michiko Kakutani
New York Times Service

NEW YORK — John Cheever, 70, whose poised, elegant prose established him as one of America's finest storytellers, died of cancer Friday at his home in Ossining, N.Y. Long regarded by critics as a kind of American Chekhov, Mr. Cheever possessed the ability to find spiritual resonance in the seemingly inconsequential events of daily life.

In four novels, "The Wapshot Chronicle," "The Wapshot Scandal," "Bullet Park" and "Falconer," and more than 100 short stories, he chronicled both the delights and dissonances of contemporary life with beauty and compassion.

He had received a Pulitzer Prize, a National Book Award, a National Book Critics Circle Award and the Edward MacDowell Medal. In April he received the National Medal for Literature in recognition of his "distinguished and continuing contribution to American letters."

The Popular Audience

One of the few collections of short fiction ever to make The New York Times best-seller list, his collected stories, published in 1978, established him as a writer with a popular audience. A new novella, "Oh What a Paradise It Seems," was published by Alfred A. Knopf in March.

The constants that I look for," Mr. Cheever once wrote, "are a lot of light and a determination to trace some moral chain of being."

Many of his descriptions had to do with the upper-middle class in such places as the Upper East Side of New York, New England hamlets and the suburbs of New York in Westchester County and Connecticut.

His characters talked a lot about lawn parties and boarding schools, computer schedules and country-club socials. Their children went to dancing schools and horseback-riding lessons, and on the surface everyone, as Mr. Cheever wrote in one of his stories, "seemed so very, very happy and so temperate in all their habits and so pleased with everything."

Focusing on his decorous style and the privileged lives of his characters, critics tended at first to regard Mr. Cheever as an urbane, graceful "New Yorker writer."

He refrained from publishing it until his father died in 1957. The book told of the decline in fortunes, both material and spiritual, of a New England family remarkably similar to his own. The novel won a National Book Award in 1958.

In 1964, he completed "The Wapshot Scandal," which followed the second generation of Wapshots

not so much by how his characters lived as by what they remembered. Raised on "the boarding-school virtues: courage, good sportsmanship, chastity and honor," they usually tried to be decent, but they more often than not ended up succumbing to such suburban sins as alcoholism and adultery.

Strange events had a way of intruding into Mr. Cheever's naturalistic landscapes, imbuing the most ordinary events with a kind of mortal peril. A woman pours light or fluid instead of oil and vinegar on the salad greens. A man is ripped to shreds by his own dogs.

Two of his most widely anthologized stories depicted such happenings. In "The Enormous Radio," a broken radio broadcasts the sad secrets of apartment dwellers around the building, and in "The Swimmer," a man swims home by way of the swimming pools of his neighbors, only to find his own house empty, his family vanished.

Born May 27, 1912, in Quincy, Mass., just outside Boston, Mr. Cheever was the second son of a family of shipbuilders.

"Calvin played no part at all in my religious education," he wrote later, "but his presence seemed to abide in the barns of my childhood and to have left me with some undue bitterness."

Unhappy Family Life

They were not a happy family, the Cheevers. His father, Frederick Lincoln Cheever, was left virtually bankrupt by the stock market crash of 1929 and soon after moved away, leaving his wife, Mary, to support the family with a gift shop. It was an arrangement the young Cheever found deeply embarrassing.

Not particularly excited by the prospect of attending Harvard, the 17-year-old Cheever engineered his expulsion from Thayer Academy for smoking. He promptly wrote up the experience, sold the story to Malcolm Cowley at The New Republic and moved to New York to write.

At the age of 23, he sold his first story to The New Yorker, and he soon became a regular contributor.

Although Mr. Cheever consistently maintained that "fiction is not crypto-autobiography," he conceded that his first novel, "The Wapshot Chronicle," was "a posthumous attempt to make peace with my father's ghosts."

He refrained from publishing it until his father died in 1957. The book told of the decline in fortunes, both material and spiritual, of a New England family remarkably similar to his own. The novel won a National Book Award in 1958.

In 1964, he completed "The Wapshot Scandal," which followed the second generation of Wapshots



John Cheever

U.S. May Get Vietnamese in Prison Camps

Reagan Aide Estimates 100,000 Are Involved

United Press International

SINGAPORE — The Reagan administration is seeking the release of up to 100,000 Vietnamese being held in "re-education camps" for possible emigration to the United States, according to Deputy Secretary of State Walter J. Stoessel Jr.

He said Saturday that the United States was working with the United Nations High Commissioner for Refugees in a response to an offer made by Foreign Minister Nguyen Co Thach of Vietnam in an interview with an American radio station last week.

If Vietnam agrees to release the prisoners, Mr. Stoessel said, their immigration status would be examined on a case-by-case basis. He said the number of prisoners could be "up to 100,000, but I'm not sure anyone really knows."

The United States last year accepted nearly 700,000 refugees from throughout the world.

Support for Cambodia

Mr. Stoessel was in Singapore to meet with foreign ministers of the five-nation Association of South-East Asian Nations.

He also said the United States was considering providing material support, not including military supplies, to Cambodian rebels opposing Vietnam's occupation of Cambodia.

However, the future of the coalition of guerrilla groups fighting to drive 150,000 Vietnamese troops from Cambodia was in doubt a day after its formation was announced.

Diplomatic sources in Bangkok said a malaria attack may stop the leader of the Khmer Rouge, Khieu Samphan, from attending the signing of an alliance with two other Cambodian resistance groups.

A Western analyst said even a short delay in the meeting of three anti-Vietnamese Cambodian leaders due to start Monday in Kuala Lumpur, Malaysia, could lead to the collapse of the coalition.

Vietnam Begins Diplomatic Effort To End Stalemate Over Cambodia

By Colin Campbell

New York Times Service

BANGKOK — In the three and a half years since Vietnam invaded Cambodia, a stalemate has developed between Hanoi and most other governments around the world, which have refused to accept the invasion's legitimacy or results.

Vietnam, which has as many as 200,000 troops in Cambodia, maintains a government in Phnom Penh. It says it liberated the country from the rule of Pol Pot, whose regime has been blamed for killing thousands of people. It defends its occupation as a necessary defense against China, and often terms its action "irreversible."

With China's aid, however, Mr. Pol Pot's Khmer Rouge still oppose the Vietnamese from strongholds near the Thai border. The United Nations continues to seat the Khmer Rouge representative in the General Assembly. An international conference on Cambodia has demanded that Vietnam withdraw its troops and let the United Nations supervise a Cambodian election. And since 1979, Vietnam's critics—including the United States, much of Western Europe, Japan and the Association of South East Asian Nations—have denied it the economic aid that it wants.

Recently, international pressure, threats, frustration and diplomatic initiatives have shown signs of causing movement in Cambodia. One of the most closely watched of these developments has been the evidence that Vietnam is starting a full-scale diplomatic initiative designed to advance its view on the Cambodian question.

Thach Tour Welcomed

That the initiative has made a mark became evident last week, when most of the ASEAN foreign ministers said they welcomed a proposed tour of non-Communist Southeast Asian nations later this summer by Vietnam's foreign minister, Nguyen Co Thach.

Whether that announcement in turn prodded the three major factions of anti-Vietnamese Cambodians to talk of uniting is not certain.

Diplomats in Bangkok, however, have said that after a year of effort, a formal coalition has been arranged among Cambodia's former chief of state, Prince Norodom Sihanouk; his former premier, Son Sann, who commands a few thousand Cambodian rebel fighters; and the Khmer Rouge, which has as many as 30,000 troops.

[Mr. Son Sann, who leads the Khmer People's National Liberation Front, arrived Sunday in Kuala Lumpur, apparently to sign the coalition agreement, Reuters reported. He made no statement on his arrival. Prince Sihanouk and

Khmer Rouge leader Khieu Samphan are due to arrive Monday in Kuala Lumpur.]

Since last fall, Vietnamese officials have argued that Vietnam is now sincerely interested in peace and that Hanoi remains its own master despite its military and economic dependence upon the Soviet Union.

Vietnam has consistently asserted that it wants to withdraw its troops from Cambodia but that it has not done so out of fear that the Chinese would reinstate Mr. Pol Pot.

And Hanoi has been saying that it needs Western economic aid.

Late last year, President Francois Mitterrand of France indicated that \$25 million in frozen French credits would be given to Vietnam despite France's opposition to Vietnam's presence in Cambodia.

In February, Indochina's foreign ministers, meeting in Laos, issued a statement suggesting that Thailand might help reduce the tension caused by the presence of warring troops on its border with Cambodia. Thailand replied that it had no interest in dealing on strictly bilateral terms with Vietnam.

In April, Mr. Thach visited West Germany, France, Sweden and Belgium, all of which have provided economic aid to Vietnam but none of which approves of its Cambodian policy. Chinese and most Western diplomats later called the visit a failure, since Mr. Thach came away with no new financial commitments. Mr. Thach, however, said that the Europeans understood better than before Vietnam's position on Cambodia.

Last month, Mr. Thach briefed Western ambassadors in Hanoi on his European trip and outlined a three-stage plan for peace in Cambodia.

In the first stage, he said, Hanoi would unconditionally withdraw some troops. The soldiers wanted

badly to go home, he said, and some had deserted.

Mr. Thach's second stage, according to a diplomat in attendance, was that Thailand must declare that it no longer supports Mr. Pol Pot. The diplomat believed that Mr. Thach had slightly moderated an earlier insistence that Thailand must prevent Chinese arms from reaching the Khmer Rouge across Thai territory.

In the third stage, after China has publicly promised to respect the independence of Indochina, Vietnam would withdraw all its troops.

China Backs Coalition

PEKING (Reuters) — China expressed support Saturday for the reported plans by the three anti-Vietnamese groups in Cambodia to form a coalition government.

A Foreign Ministry spokesman said, "It is a good thing that after making efforts they have reached agreement on the joint declaration. We express our support and hope that on this basis the three Kampuchean forces will achieve unity through earnest consultations so as to strengthen their struggle of resistance against Vietnam."

China supports the Khmer Rouge but maintains cordial relations with Prince Sihanouk.

Vietnam Denounces ASEAN

BANGKOK (Reuters) — Vietnam on Saturday denounced efforts by ASEAN to promote the coalition.

The Vietnamese news agency, monitored in Bangkok, quoted the official daily Nhan Dan as saying that foreign ministers of ASEAN, which groups Thailand, Singapore, Malaysia, the Philippines and Indonesia, had not changed their erroneous stand on Cambodia during their three-day meeting last week in Singapore.

Processing of U.S. Passports Delayed By a Record Number of Applications

New York Times Service

WASHINGTON — Passport applications piling up at a record rate have created unusual delays in processing this spring.

In some areas, travelers have reported waiting more than two months for new passports. Although the Passport Office says only a few travelers will be forced to delay or cancel summer trips because of the backlog, the agency has recommended that people apply early for passports.

The average wait varies in different parts of the country. While the processing of an application in Honolulu reportedly takes only three days, the New York office of the Passport Office told travelers

Friday they would have to wait four weeks for new passports.

A strengthened U.S. dollar has prompted a surge in travel outside the United States this year. That and computer troubles have caused the delays, according to Cindy Fnx of the State Department.

The Passport Office predicts this will be a record year for applications. The previous record was set in the 12-month period ended Sept. 30, 1978, when 3.23 million passports were issued. Nearly 2.28 million passports have been issued since October, and the Passport Office says it is now running about 8 percent ahead of the pace set in the record year.

Djuna Barnes

NEW YORK (AP) — Djuna Barnes, 90, the American poet, playwright and author whose novel "Nightwood" was hailed by Dylan Thomas as "one of the three great books written by a woman," died Saturday at her Greenwich Village home.

In the 1920s and 1930s Miss Barnes lived in Paris, where she befriended a circle of writers that included Gertrude Stein, James Joyce, Ezra Pound and T.S. Eliot.

Born in Cornwall-on-Hudson, N.Y., in 1892, Miss Barnes was reared in an eccentric family and was educated at home, according to her editor at Dial Press, Frances McMillan. She started her career as a journalist and began writing plays for Eugene O'Neill's Provincetown Players in the 1920s. She also was an artist and illustrator.

Among her works was the novel "Ryder," published in 1928, and "The Antiphon," a play in verse published in 1958 and translated into Swedish by Dag Hammarskjöld in 1961.

A book of poems, "Creatures in an Alphabet," is scheduled for publication in October. It will be her first published work in almost 25 years, Miss McMillan said.

Robert Kameron Bingham

DOBB'S FERRY, N.Y. (AP) — Robert Kameron Bingham, 57, an editor of The New Yorker for 18 years, died of a brain tumor Friday at his home.

Mr. Bingham had been executive editor of The New Yorker for 10 years and associate editor for eight years before that.

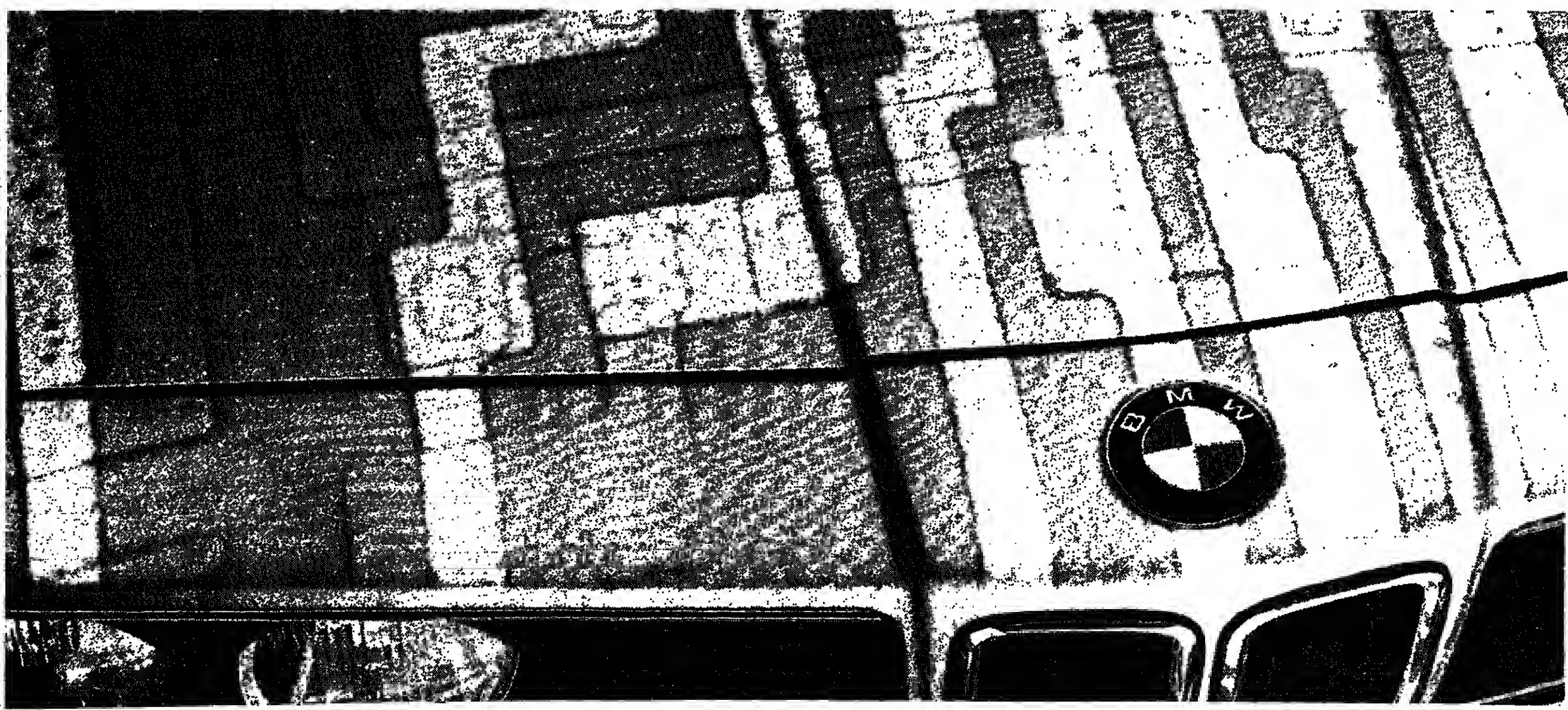
William Shawn, the magazine's editor, called Mr. Bingham "a brilliant editor, one of the finest I have ever known." Before coming to The New Yorker, Mr. Bingham had been a managing editor for The Reporter and a staff member of Time magazine.

Granville Hicks

Compiled by Our Staff From Dispatches

FRANKLIN PARK, N.J. — Granville Hicks, 80, teacher, author, critic and once a leading American Communist intellectual who quit the party at the outset of World War II, died Friday after a series of strokes.

Mr. Hicks often found himself embroiled in controversy stem-



Technology is Europe's biggest export.
Let's make sure we never have to import it.

Over the past few years there's been a continuing debate on whether our European economy, in the face of increasing international competition, rising raw material costs, increasing labour costs and decreasing productivity, still has a chance of maintaining its dominant position amongst the industrialised countries of the world.

We believe this debate is fully justified. Because we Europeans will only be able to withstand worldwide competition in the future if we can continue to keep our products technologically one step ahead of our rivals.

And only if we consistently develop and apply new technologies in every industrial area.

The future for our densely populated

region with its limited natural resources lies in exploiting fully our wide-ranging ability to explore, to discover and to invent. In other words, in the creativity of our people.

Europe must strive to extract the maximum value with the minimum use of our resources.

And the driving force behind this effort will come from the determination, the energy and the optimism of our people, and from a total commitment to progress.

It is this conviction that BMW translates into effective and efficient technology of the highest calibre.

Our increasing success in the international market-places today is a direct result of our consistent and comprehensive application of the most

advanced technologies available: and it is on this same platform that we are building a secure future.

BMW has an exceptionally high investment programme for the coming years, and 75% of this will be directed towards new ideas and innovations.

Convincing proof that we intend to maintain and increase our worldwide lead in the application of automotive micro-electronics is that we see all our achievements to date—such as our Digital Motor Electronics, our anti-lock braking system, the Service Interval Indicator and active Check Control—as merely the beginning of a new era of more efficient motoring.

But money plays only one part in our total effort.

We want to invest just as much in a new spirit.

In the will to work, the pleasure of achievement, in versatility, in creative thinking and in commitment.

They are the prerequisites which will allow us to meet the ever-increasing challenges of international competition with complete confidence.

All BMW cars reflect this attitude—through the decisive lead in terms of progressive technology which they offer every BMW driver.



BMW AG, Munich

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Attn	Security	Sfr/	Issue Pr.	Attd Pr.	Yield
5798	Canada 4 24/2 1982 Jun	5	100	99 2/4	53.80
crs 130	Philippine Government 5 1/2 1/2 1991 Jun	5	99 1/2	97 1/4	10.80
crs 63	Australia 5 1/2 1/2 1991 Jun	5	100	98	17.63
5800	Spain 5 1/2 1/2 1991 Jun	5	99 1/4	97 1/4	87.25
5801	Spain Of Taxation Corporation 5 1/2 1/2 1991 Jun	5	99 3/4	97 1/4	85.1
5802	Taiwan Electricity Plan 5 1/2 1/2 1991 Jun	5	100	100 1/2	15.62
5803	Canada Council Of Europe 5 1/2 1/2 1991 Jun	5	99 1/2	97	8.21
crs 101	Belgium 5 1/2 1/2 1991 Jun	5	100	98 1/2	13.36
5804	Belgium Coverters Inc 5 1/2 1/2 1991 Jun	5	99 1/2	82 1/2	5.88
5805	Chile 5 1/2 1/2 1991 Jun	5	99	97 1/2	15.53
crs 30	Malaysia 5 1/2 1/2 1991 Jun	5	99 1/4	95 3/4	9.84
5806	Australia 5 1/2 1/2 1991 Jun	5	100	99 1/2	92.27
5807	Belgium 5 1/2 1/2 1991 Jun	5	100	99 1/2	14.12
5808	Thailand 5 1/2 1/2 1991 Jun	5	99 1/4	96 1/4	15.39
5809	Thailand 5 1/2 1/2 1991 Jun	5	100	94	15.43
5810	Chile 5 1/2 1/2 1991 Jun	5	99 3/4	96 1/2	15.88
5811	Chile 5 1/2 1/2 1991 Jun	5	100	94 1/2	14.69
5812	Chile 5 1/2 1/2 1991 Jun	5	100	97	15.38
5813	Chile 5 1/2 1/2 1991 Jun	5	99 3/4	94 1/2	15.38
5814	Chile 5 1/2 1/2 1991 Jun	5	99 3/4	94 1/2	15.38
5815	Chile 5 1/2 1/2 1991 Jun	5	99 3/4	94 1/2	15.38
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5845	Chile 5 1/2 1/2 1991 Jun	5	99 3/4	94 1/2	15.38
5846	Chile 5 1/2 1/2 1991 Jun	5	99 3/4	94 1/2	15.38
5847	Chile 5 1/2 1/2 1991 Jun	5	99 3/4	94 1/2	

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179	Austria	5 1/2		97			

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6156	Trafford Resources P-Cs	7 7/8	19	NOV	25	82.46	39.81
5197	Moody's Finance Corp	6 1/2	12	NOV	25	82.46	39.81
5198	Dorco Petroleum Ltd	18	74	JUL	47 1/2	82.32	39.81
5199	Dorco Petroleum Ltd	18 1/2	71	MAY	24	82.30	39.81
5200	Dorco Petroleum Ltd	18 1/2	71	JUL	24	82.30	39.81
5201	IMC Homeowner Credit	9 3/4	18	AUG	24	82.20	39.81
5202	Renner Inc	12 3/4	18	DEC	19 1/2	82.24	39.81
5203	Prudential	12 3/4	18	JUL	19 1/2	82.24	39.81
5204	American Central Bk	15 1/4	19	JUN	18	82.13	39.81
5205	Seaworld-Sears Assoc	15 3/4	19	AUG	18	82.25	39.81

325	Alphal Petrochemical	8	W	8/21/81	18.11	6.0
326	Amul Mtnl Dls	7	3/4	9/15/81	12.91	6.0
327	Nelson Textiles	7	3/4	9/12/81	14.60	6.0
328	Orion Landfill	7	1/2	9/12/81	14.60	6.0
329	Orion Landfill	7	1/2	9/12/81	14.60	6.0
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357	Orion Landfill	7	1/2	9/12/81	14.60	6.0
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[illegible][illegible][illegible]

3175	Amco Int'l Finance	11/14	17 Apr	18	1/2	1/2	17.48	
3176	American Eagle	11/14	17 Apr	18	1/2	1/2	17.48	
3177	American Eagle	11/14	17 Apr	18	1/2	1/2	17.48	
3178	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3179	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3180	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3181	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3182	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3183	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3184	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3185	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3186	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3187	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3188	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3189	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3190	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3191	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
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3194	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3195	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3196	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3197	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3198	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3199	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	
3200	American Express Over	11/14	17 Apr	18	1/2	1/2	17.48	

[illegible][illegible]

120	Dana International Inc.	11/17	Mar	11/17	14.32	
121	Danisco A/S	11/17	Mar	11/17	14.32	
122	Dax Chemical Overseas	1/24	Mar	1/24	12.96	12.96
123	Dayco International Inc.	11/17	Mar	11/17	14.32	
124	Dayco International Inc.	11/17	Mar	11/17	14.32	
125	Dayco International Inc.	11/17	Mar	11/17	14.32	
126	Dayco International Inc.	11/17	Mar	11/17	14.32	
127	Dayco International Inc.	11/17	Mar	11/17	14.32	
128	Dayco International Inc.	11/17	Mar	11/17	14.32	
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130	Dayco International Inc.	11/17	Mar	11/17	14.32	
131	Dayco International Inc.	11/17	Mar	11/17	14.32	
132	Dayco International Inc.	11/17	Mar	11/17	14.32	
133	Dayco International Inc.	11/17	Mar	11/17	14.32	
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135	Dayco International Inc.	11/17	Mar	11/17	14.32	
136	Dayco International Inc.	11/17	Mar	11/17	14.32	
137	Dayco International Inc.	11/17	Mar	11/17	14.32	
138	Dayco International Inc.	11/17	Mar	11/17	14.32	
139	Dayco International Inc.	11/17	Mar	11/17	14.32	
140	Dayco International Inc.	11/17	Mar	11/17	14.32	

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Arm	Security	%	Mo	44d/c	Price	Mo	Yld	Net	Cur
den 100	AUSTRALIA	5 1/2	Nov	1954	6.69	6.69	6.58		
den 120	Australia	7 1/4	Nov	1954	6.74	6.74	6.63		
den 130	Australia	8 1/2	Nov	1954	6.89	6.89	6.78		
den 140	Australia	9 1/2	Nov	1954	6.99	6.99	6.88		
den 150	Australia	10 1/2	Nov	1954	7.19	7.19	7.08		
den 160	Australia	11 1/4	Nov	1954	7.39	7.39	7.28		
den 170	Australia	12 1/4	Nov	1954	7.59	7.59	7.48		
den 180	Australia	13 1/4	Nov	1954	7.79	7.79	7.68		
den 190	Australia	14 1/2	Nov	1954	7.99	7.99	7.88		
den 200	Australia	15 1/2	Nov	1954	8.19	8.19	8.08		
den 210	Australia	16 1/2	Nov	1954	8.39	8.39	8.28		
den 220	Australia	17 1/2	Nov	1954	8.59	8.59	8.48		
den 230	Australia	18 1/2	Nov	1954	8.79	8.79	8.68		
den 240	Australia	19 1/2	Nov	1954	8.99	8.99	8.88		
den 250	Australia	20 1/2	Nov	1954	9.19	9.19	9.08		
den 260	Australia	21 1/2	Nov	1954	9.39	9.39	9.28		
den 270	Australia	22 1/2	Nov	1954	9.59	9.59	9.48		
den 280	Australia	23 1/2	Nov	1954	9.79	9.79	9.68		
den 290	Australia	24 1/2	Nov	1954	9.99	9.99	9.88		
den 300	Australia	25 1/2	Nov	1954	10.19	10.19	10.08		
den 310	Australia	26 1/2	Nov	1954	10.39	10.39	10.28		
den 320	Australia	27 1/2	Nov	1954	10.59	10.59	10.48		
den 330	Australia	28 1/2	Nov	1954	10.79	10.79	10.68		
den 340	Australia	29 1/2	Nov	1954	10.99	10.99	10.88		
den 350	Australia	30 1/2	Nov	1954	11.19	11.19	11.08		
den 360	Australia	31 1/2	Nov	1954	11.39	11.39	11.28		
den 370	Australia	32 1/2	Nov	1954	11.59	11.59	11.48		
den 380	Australia	33 1/2	Nov	1954	11.79	11.79	11.68		
den 390	Australia	34 1/2	Nov	1954	11.99	11.99	11.88		
den 400	Australia	35 1/2	Nov	1954	12.19	12.19	12.08		
den 410	Australia	36 1/2	Nov	1954	12.39	12.39	12.28		
den 420	Australia	37 1/2	Nov	1954	12.59	12.59	12.48		
den 430	Australia	38 1/2	Nov	1954	12.79	12.79	12.68		
den 440	Australia	39 1/2	Nov	1954	12.99	12.99	12.88		
den 450	Australia	40 1/2	Nov	1954	13.19	13.19	13.08		
den 460	Australia	41 1/2	Nov	1954	13.39	13.39	13.28		
den 470	Australia	42 1/2	Nov	1954	13.59	13.59	13.48		
den 480	Australia	43 1/2	Nov	1954	13.79	13.79	13.68		
den 490	Australia	44 1/2	Nov	1954	13.99	13.99	13.88		
den 500	Australia	45 1/2	Nov	1954	14.19	14.19	14.08		
den 510	Australia	46 1/2	Nov	1954	14.39	14.39	14.28		
den 520	Australia	47 1/2	Nov	1954	14.59	14.59	14.48		
den 530	Australia	48 1/2	Nov	1954	14.79	14.79	14.68		
den 540	Australia	49 1/2	Nov	1954	14.99	14.99	14.88		
den 550	Australia	50 1/2	Nov	1954	15.19	15.19	15.08		
den 560	Australia	51 1/2	Nov	1954	15.39	15.39	15.28		
den 570	Australia	52 1/2	Nov	1954	15.59	15.59	15.48		
den 580	Australia	53 1/2							

(Continued on Page 10)

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June 1982

Inter-American
Development Bank

Dfls. 100,000,000
Guilder Bonds of 1982, due 1988/1992

Annual coupons July 15.

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Bank Mees & Hope NV
Hollandsche Bank-Unie N.V.
Pierson, Heldring & Pierson N.V.
Banque de Paris et des Pays-Bas N.V.
Nederlandsche Middenstandsbank N.V.

Daiwa Europe N.V.
Deutsche Bank Aktiengesellschaft
Goldman Sachs International Corp.
Kuwait International Investment Co. s.a.k.
Société Générale
Union Bank of Switzerland (Securities) Limited

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BUSINESS / FINANCE

MONDAY, JUNE 21, 1982

Page 9

Hungary To Obtain A Credit

By Carl Gewirtz
International Herald Tribune
PARIS — Manufacturers Hanover Trust has begun sounding the market for a loan of at least \$200 million for Hungary — the first syndicated loan for an East-bloc country since martial law was declared in Poland late last year.

The Hungarian economy is regarded by Western academics as the best managed in Eastern Europe.

SYNDICATED LOANS

But its access to Western credit virtually dried up as a result of the financial difficulties of Poland and Romania as well as the general tensing of East-West relations, prompting Western governments to make a public demonstration of their support as a signal to commercial banks to rethink their lending policies.

The Bank for International Settlements' president, Fritz Leutwiler, disclosed last week that 13 central banks — representing virtually all West European countries plus Japan — had granted Hungary a loan of \$210 million, that Switzerland had provided a second amount, which he did not specify, and that the BIS itself had provided \$300 million.

The BIS operation was news. Commercial bankers had been expecting a total package of some \$500 million in official loans and had been awaiting its completion before attempting to start their own. The entire package of official loans is seen as a means of allowing Hungary to meet its foreign exchange needs until it can begin borrowing from the International Monetary Fund, probably in the autumn.

The commercial loan being organized by Manufacturers Hanover will be for three years — a far cry from the seven-year maturity Hungary was able to command when it last tapped the Euromarket, in March, 1981. How much Hungary will be asked to pay for the loan will emerge after the lending syndicate has been formed. It is expected to be around 10 percent over the London interbank rate; now it is assumed that Hungary would pay at least 14 percent over Libor.

U.S. Banks' Initiative

A striking feature of this operation is that it is a U.S. bank taking the initiative while the United States itself was notably absent from the list of countries providing official support. Commercial bankers, of course, have long maintained that their lending policies are based on banking principles and not politics.

The loan will be a "club" deal. Banks are invited to underwrite \$20 million each and, under present plans, there will be no attempt to syndicate this to a wider group of banks. If other banks are interested, the total could be increased.

To facilitate marketing of the loan, Hungary has provided banks with up-to-date financial and economic data showing that Hungary expects to report a balance-of-payments surplus this year exceeding the cost of servicing its foreign debt. One banker, who refused to discuss the confidential data in detail, said, "The figures look reasonable."

The other major talking point of the Euromarket currently is Latin America. The very poor performance of the \$2.5-billion loan for Mexico has scared some bankers, who now warn that Mexico will not be able to raise another \$10 billion this year and that the only way out will be a restructuring.

Despite the terms on the Mexican loan, which were widely hailed as realistic and what the market was asking for, a mere \$176 million was raised in general syndication. Another \$180 million was raised from second-tier syndication, but that includes \$100 million from Mexican banks.

Bankers are starting to talk about the dominance of Latin America, with Argentina the first to reschedule followed by Mexico and then others. While Brazil is regarded as out of the woods, a \$300-million, eight-year loan for Electrobras attracted only 10 percent of the funds sought despite the very high 24-point margin over Libor and the generous 14 1/2-percent front-end fee.

Peru also has agreed to sharply higher terms to raise new funds. A \$350-million loan the country is seeking is divided into \$87.5 billion for two years with interest set at 1 point over Libor or 3/4 point over the prime rate and \$262.5 million for six years, with interest at 1 1/2 points over Libor or 1 1/2 points over the prime rate. Fees on the short loan range from 1/4 to 3/4 percent and on the longer loan from 3/4 to 1 percent. Less than a year ago, Peru was paying 3/4 over Libor to borrow funds.

Gerald Tsai's Dream:

1952
Gerald Tsai, at age 23, joins the Boston-based Fidelity Management and Research Company as a security analyst with the Fidelity Group of Mutual Funds. He becomes manager of the funds six years later and makes a splash by bringing returns as high as 50 percent a year.

1965
He leaves Fidelity and sells his shares back to the company for \$2.2 million. Taking some of the proceeds, he forms Tsai Management and Research, an investment adviser and mutual fund manager. But his success disappears and value of funds begins to decline.

1968
He sells Tsai Management to CNA Financial Corp., one of the nation's largest insurance companies, for stock valued at \$30 million. (Mr. Tsai has a 90 percent interest in Tsai Management.)

1973
He leaves CNA Financial after selling his stock in the company to form G. Tsai & Company, an institutional brokerage firm with offices in New York, Los Angeles and Boston.

1978
Mr. Tsai buys controlling interest in Associated Madison Companies, a financial-services holding company for \$2.2 million, and becomes chairman and chief executive officer.

1982
He sells Associated Madison to American Can in April for \$69,613 American shares, or a 3.5 percent stake, valued at \$18 million. He becomes a director and executive vice president of American Can.



Tin Nations Agree To Form a Group

KUALA LUMPUR, Malaysia — Malaysia, the world's largest tin producer, confirmed Sunday that it would take part in a new tin agreement with consumers but said it would also form an association with two other leading exporters, Indonesia and Thailand, to protect their interests.

The conference reconvenes Wednesday, and industry sources said the participation of the three leading producers — which account for more than 65 percent of the world's tin exports — was likely to bring the agreement into provisional force, although nearly half the consuming states have refused to join.

It was unclear how the association would operate, but officials said its functions would include joint marketing.

Malaysia's prime minister, Datuk Seri Mahathir bin Mohamed, announced the formation of the association Sunday after talks in Kuala Lumpur with representatives of Indonesia and Thailand. Industry sources said the association plan appeared to be Kuala Lumpur's condition for remaining in the new International Tin Agreement, which Thailand and Indonesia support.

The new tin agreement, like the one expiring on June 30, is aimed at stabilizing prices through sales and purchases of the metal designed to keep the price within certain limits.

Uncertainty over the future of the ITA, which expires on June 30, along with reports that Malaysia would try to persuade Indonesia and Thailand to pull out of the accord and form a producer association instead, helped push the price of tin last week to its lowest level in five years on the London tin market.

The refusal of the United States and the Soviet Union to join has kept consumer-nation backing below the 65 percent required to put it into automatic operation.

The London Metal Exchange quotation ended the week with a decline of \$455 (\$790) to \$5,745 a metric ton, despite a rise of \$15 on Friday.

Malaysia, although it had signed and ratified the new agreement, reportedly felt that tin producers would be at a strong disadvantage if they joined the sixth ITA because their actions would be constrained by its provisions, while the biggest consuming countries, particularly the United States, with its huge tin stockpile, would not be bound by any restrictions.

There was a time when Mr. Tsai was the king of Wall Street. Glowing newspaper and magazine articles sang the praises of a man who always seems to land on his feet.

Failure of the new agreement would have depressed prices further because the International Tin Council, which administers the accord, would have had to dispose of substantial holdings in its buffer stock, industry sources said.

But Mr. Tsai walked away from that debacle about \$30 million richer — the profit from the sale of his mutual fund management company to CNA Financial of Chicago.

The buffer stock manager has been forced to buy heavily since the sudden departure from the market early this year of a mystery buyer, widely believed to represent producer interests, whose massive purchases had pushed prices up to record levels.

Mr. Tsai said Sunday that the producing countries needed their own association, whose functions would include research and development as well as marketing, because they believed the sixth ITA would not be effective in protecting their interests.

Details on the organization of producers' group will be announced at press conferences in the three countries' capitals Tuesday, on the eve of the Geneva meeting, official sources said.

Ex-Stock Wizard Builds a 'Financial Department Store'

By Leslie Wayne
New York Times Service
NEW YORK — In the 1960s, the days of soaring stocks and rampant market fever, there was no bigger name on Wall Street than Gerald Tsai, the Shanghai-born stock picker who dazzled investors by doubling their money in a year.

Today, at 53, he is an executive vice president and the largest shareholder of American Can, a packaging concern with annual sales of \$4.8 billion. He plans to turn the sluggish, old-line manufacturing company into a department store of financial services.

The endeavor has more than its share of skeptics. American Can, which has suffered from steadily declining earnings, has a history of ill-fated acquisitions, leading some analysts to question the wisdom of this move. And, the healthy price American Can paid to acquire Mr. Tsai — by way of buying Associated Madison, the insurance company he controlled — has caused some to wonder whether American Can or Gerald Tsai got the better deal.

"This is something that bears close watching," said George Thompson, an insurance industry analyst with E.F. Hutton. "American Can's track record is questionable when it comes to diversifying into businesses they are not entirely familiar with. But they'll probably dive in with both feet. They've been known to change their course in the past. And nothing Mr. Tsai does surprises me. He always seems to land on his feet."

In this case, Mr. Tsai has certainly landed upright. As owner of 669,613 shares of American Can — just under 4 percent — with a market value of slightly over \$18 million, Mr. Tsai, who was recently named to the company's board, owns more of its shares than the rest of its directors combined.

Regan, Reviewing Monetary Policy, Weighs Curbs on Fed

Compiled by Our Staff From Dispatches
WASHINGTON — The Reagan administration is conducting a major review of monetary policy, including consideration of proposals to restrict or remove the independence of the Federal Reserve Board, Treasury Department officials have said.

The study, under the direction of Treasury Secretary Donald T. Regan, is one of the key elements in a major review of economic policy options the administration is considering in the event that interest rates do not decline. Continued high rates would threaten the economic recovery the administration has said it expects in the second half of the year.

The Federal Reserve is an independent agency whose key job is trying to control the growth of the money supply. Its chairman and six governors are appointed by the president and confirmed by the Senate. The chairman has a four-year term. The current chairman, Paul A. Volcker, was appointed by President Jimmy Carter.

While the Federal Reserve has come under sharp criticism recently, its monetary policy over the past 18 months is given credit by many economists for helping bring down inflation from the double-digit pace of 1979 and 1980 to 8.9 percent last year and a projected 5 percent to 6 percent this year.

The policy review is being done by the Treasury, the Council of Economic Advisers and the Office of Management and Budget, the officials said. It includes a review of the policy options and changes made by previous presidents in response to economic crises and of such options as a flat-rate tax on income above a certain level.

But so far the key study is of Federal Reserve policy and structure. Already proposals for change have been submitted by members of Congress. Any change would require passage of a bill by Congress. Treasury officials said the options include making the board part of the Treasury or putting the Treasury secretary on the board, an option suggested as part of a measure submitted by Sen. Alan Cranston of California, the Democratic whip.

Beryl W. Sprinkel, under secretary of the Treasury for monetary affairs, said Saturday he expected to make recommendations to Mr. Regan "in a matter of weeks."

In recent testimony, Mr. Volcker has bristled at the idea of changing the board's structure. In a letter to Rep. Henry S. Reuss, a Wisconsin Democrat and the chairman of the Joint Economic Committee, he said: "The present institutional arrangements reflect, in my view, the belief of the Congress that the public interest is served by an institutional setting that can combine experienced judgment and regional representation in its governing bodies and continuity in expert analysis, with a certain insulation from transient political influences."

Sput in M-1 Adds to Rate Fears

New York Times Service
NEW YORK — The latest money supply figures have left analysts confused about the Federal Reserve's intentions and heightened fears that the prime lending rate will rise soon.

The Fed announced Friday that the basic money supply, M-1, rose \$1.4 billion in the week ended June 9. That pushed the closely watched measure higher than the Fed's short- and long-run targets.

"Total reserves and currency have been growing fairly rapidly, and that means the Fed has been pumping more of the raw ingredients for money into the economy," said Robert J. Genetski, chief economist at Harris Bank in Chicago.

"That means we're left with the same old uncertainty about what the Fed is going to do and what the Fed is trying to do," he said. "I don't know anyone who is highly confident about where the Fed is going, and that unpredictability contributes to higher rates."

U.S. CREDIT MARKETS

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CURRENCY RATES

Interbank exchange rates for June 18, excluding bank service charges.

	\$	£	D.M.	F.P.	Y.	S.F.	S.P.	S.L.
Amsterdam	2.2065	4.785	118.34	36.77	8.164	5.799	22.77	51.39
Berlin	4.403	9.570	236.68	73.54	16.328	11.598	45.54	102.78
Frankfurt	2.453	5.276	130.48	39.64	9.095	6.702	26.33	58.61
London (to)	1.0000	2.0000	4.7619	1.4936	3.7564	2.4566	11.636	25.936
Paris	6.5493	13.7603	333.75	100.48	24.636	18.483	72.48	160.33
Switzerland	2.0000	4.0000	9.3750	2.9371	7.4603	5.7500	22.77	51.39
West Germany	1.7925	3.8000	9.3750	2.9371	7.4603	5.7500	22.77	51.39
Yokohama	160.33	333.75	4000.00	1200.00	3000.00	2000.00	8000.00	17000.00

Dollar Values

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Berlin	4.403	9.570	236.68	73.54	16.328	11.598	45.54	102.78
Frankfurt	2.453	5.276	130.48	39.64	9.095	6.702	26.33	58.61
London (to)	1.0000	2.0000	4.7619	1.4936	3.7564	2.4566	11.636	25.936
Paris	6.5493	13.7603	333.75	100.48	24.636	18.483	72.48	160.33
Switzerland	2.0000	4.0000	9.3750	2.9371	7.4603	5.7500	22.77	51.39
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Commodity Prices

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Yokohama	160.33	333.75	4000.00	1200.00	3000.00	2000.00	8000.00	17000.00

Gold and Silver

	\$	£	D.M.	F.P.	Y.	S.F.	S.P.	S.L.
Amsterdam	2.2065	4.785	118.34	36.77	8.164	5.799	22.77	51.39
Berlin	4.403	9.570	236.68	73.54	16.328	11.598	45.54	102.78
Frankfurt	2.453	5.276	130.48	39.64	9.095	6.702	26.33	58.61
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CND	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
L	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
MMK	Malaysian Kroner - MM		

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Saudi International Bank
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The Gulf Bank K.S.C. (Kuwait)

First City National Bank of Houston

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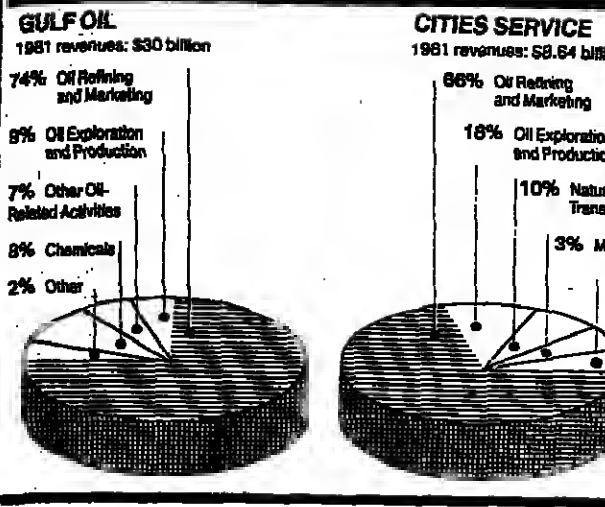


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For the Week Ending June 18, 1982

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Lines of Business at Gulf and Cities Service



Wall Street Has Doubts on Gulf's Merger Plan

Purchase Would Lift Oil Reserves but Some Analysts Call Cost Too High

Compiled by Our Staff From Dispatches
NEW YORK — Wall Street is skeptical about the wisdom of Gulf Oil's planned \$5.1-billion purchase of Cities Service. Analysts say the acquisition would give Gulf some badly needed crude oil and natural gas reserves but at a cost of significantly lower earnings as Gulf pays for the purchase.

In the long run, it may be a good move, Sanford Margolis, an analyst at Bache Halsey Stuart Shields, said Friday. "But, in the short run, it really doesn't enhance the holdings of Gulf shareholders."

Another oil analyst, who asked that his name not be used, asserted:

"Gulf is clearly getting reserves, but it's paying too high a price."

Other analysts, however, said that \$63 a share would be a low price for Cities.

Alvin Silber, who follows the company for Dean Witter Reynolds, said: "Clearly the incentive to Gulf is that they're buying U.S. oil and gas reserves at a fairly reasonable price. I think the investment community is perceiving the near-term earnings potential as negative."

The stock market expressed its dissatisfaction with Gulf's move by bidding the company's stock down \$3.875 to \$27.50 a share in heavy trading on the New York Stock Exchange Friday. Cities Service stock jumped \$11.25 to \$53.25 a share.

Nonetheless, Gulf's announcement of the plan last Thursday caused little surprise. Few U.S. oil companies have been more severely hurt by their reliance on foreign sources of supply than Gulf. And even fewer have matched Gulf's determination to buy another oil producer with large domestic reserves.

The Best Buys

In April, Harold H. Hammer, Gulf's executive vice president and chief administrative officer, said in an interview that the company was considering acquisitions of small, medium-sized and even large oil companies. "The best buys are the biggest ones," he added.

For Gulf, the nation's sixth-largest oil company, it would have been difficult to find a larger company to acquire, or one with a higher proportion of its assets in domestic oil reserves.

The plan, subject to approval by shareholders of both companies,

calls for Gulf to make a tender offer of \$63 a share for 51 percent of Cities Service's 80 million shares outstanding. Gulf would acquire the remaining Cities Service shares in an exchange of fixed-income securities valued at \$63 a share.

The size of the planned merger prompted Standard & Poor's to place Gulf Oil and its Canadian subsidiary on its "Creditwatch" list of companies that bear special surveillance. But many analysts said they did not expect the cost to be a burden to Gulf.

If Gulf is successful, it would increase its proven oil and gas reserves by 16 percent to 2.21 billion barrels. Most of the newly acquired reserves would be in the United States.

Cities, which ranks about No. 20 in size among U.S. oil companies, said its proven reserves at the end of 1981 totaled 307 million barrels, with only 20 million barrels outside the United States.

Dean Witter's Mr. Silber said the agreement would give Gulf proven oil and gas reserves at about \$6.75 a barrel. He estimated that the cost of developing comparable reserves through domestic exploration and production would be \$10 to \$15 a barrel.

Gulf's determination to acquire domestic supplies comes against a backdrop of a decade of problems abroad. The company, which was a pioneer in international oil exploration and production during the 1940s and 1950s, had relied on Kuwait for a large share of its oil supplies until 1975, when the Kuwaiti government nationalized U.S. oil operations within its borders.

More recently, the company had disclosed that it was considering selling its 60 percent interest in Gulf Canada, a major producer that accounted for 11 percent of proven reserves in 1981. Gulf officials complained of the restrictions imposed by the Canadian government, which in the last two years has levied higher taxes on foreign-owned oil companies than on their Canadian counterparts.

Despite these problems abroad, Gulf said last year that foreign sources still accounted for 55 percent of its proven oil reserves.

Gulf's effort to acquire a company with large domestic reserves included a brief involvement in the mammoth takeover battle for Marathon Oil last year. Gulf made

AT A GLANCE

Gulf Oil

All dollar amounts in thousands, except per share data

Three months ended	1982	1981
March 31		
Revenue	\$7,538,000	\$7,881,000
Net income	267,000	308,000
Earnings per share	\$1.44	\$1.55
Year ended	1981	1980
Revenue	\$30,025,000	\$28,399,000
Net income	1,233,000	1,407,000
Earnings per share	\$6.37	\$7.21
Total assets, Dec. 31, 1981	\$20,424,000	
Current assets	8,280,000	
Current liabilities	5,776,000	
Long-term debt	1,864,000	
Stock price, June 17, 1982		31 1/4
U.S. & E. unaffiliated share	41%—27%	
Stock price, 52-week range		\$25.00—\$58.50
Employees, Dec. 31, 1981	58,500	
Headquarters	Pittsburgh	

known its willingness to make a friendly offer for Marathon, which was resisting a takeover by Mobil. Gulf's initiative was rejected, and Marathon was ultimately acquired by the U.S. Steel.

Mesa's Profit Is Put at \$45 Million

By Robert J. Cole

New York Times Service

NEW YORK — In a move that would clear the way for Gulf Oil to proceed with its \$5.1-billion offer to buy Cities Service, Mesa Petroleum has agreed to sell its 4.1 million shares of Cities Service back to that company, sources close to the three concerns have disclosed. An agreement is expected to be made public shortly.

Under the agreement, Mesa would show a profit on its investment in Cities Service, which Mesa had accumulated since early last year, of some \$45 million before taxes.

Cities Service and Mesa also agreed to drop all litigation against each other and end competing offers to buy each other's stock, the sources said Friday. In addition, they said, T. Boone Pickens Jr., chairman of Mesa, is to refrain from interfering in Cities Service

affairs for the next five years. As a result, Mesa shares sent to Cities Service in response to its \$21-a-share offer are to be returned to the original owners.

No-Raid Accord

The truce reportedly reached between the two oil companies would enable Gulf to go ahead as early as Monday with an offer to buy the first 51 percent of Cities Service for \$63 a share.

A so-called no-raid agreement worked out between lawyers for Mr. Pickens, chairman of Mesa, and Charles J. Walidich, chairman of Cities Service, provides for Cities Service to pay some \$225 million in cash, or an estimated \$55 a share, for the Cities Service block held by Mesa.

Mesa's stake in Cities Service cost the company about \$44 a share, plus heavy interest costs. The \$55 price Mesa got was seen as a compromise, roughly halfway

between the \$63 that Gulf will pay and Mesa's \$44 basic cost.

John S. Herold Inc., an oil appraising firm based in Greenwich, Conn., valued Cities Service's assets in late 1980 at \$109 a share if the company were broken up and sold. Last month, reflecting the decline in oil prices, the firm revised the value to \$97 a share.

Sources said that Mr. Walidich of Cities Service and Mr. Pickens of Mesa did not meet face to face but that their New York law firms negotiated a deal acceptable to both.

Mr. Walidich is expected to be named a senior officer of Gulf and elected to the Gulf board if Gulf succeeds in its bid for Cities Service, sources close to both companies said. Mr. Walidich would remain as head of Cities Service, should the company become a Gulf subsidiary, and all Cities Service executives would be asked to remain, the sources said.

Tsai Dreams of a Financial Department Store

(Continued from Page 9)

with a Midas touch. While he has slipped from public view, he says that bothers him little. "I really don't miss those days," he said in an interview in his Pan Am building office, which is decorated with an aerial picture of his 10-acre waterfront estate in Greenwich, Conn., and models of the helicopter he once flew for relaxation. (A forced landing in the Hudson River made him think twice about that hobby.)

Nonetheless, the glory days are certainly remembered. He has a press kit ready with information about his 30-year career as an investor, and he bristles at any suggestion that the performance of his mutual funds was less than stellar. "For eight years, we were always at the top," he said. "People don't remember that. We had one bad year, 1968, and they criticize me. But I wasn't even managing the fund. I had two portfolio managers, and they managed it."

The move to American Can is the culmination of his desire to

build a financial services super-market. Mr. Tsai said he had the idea before Sears Roebuck and Dean Witter got into the act. "For many years, even back in 1965, I remember telling people that 'Someday you will see a building and it will have a bank on the first floor, an S&L on the second, a brokerage next and then an insurance company, and a cemetery on the 13th floor. It will be a financial department store,'" he said.

American Can apparently shares that dream. Finding its core paper products and container business on the decline, it has been trying to latch onto higher growth areas, and decided last year to expand more heavily into financial services.

About that time, Mr. Tsai saw a newspaper article on American

Can's plan to use the proceeds of the sale of some of its forest product assets to pay for its foray into financial services. He proposed a meeting with William Woodside, chairman of American Can.

"When the opportunity arose with Mr. Tsai, it was too good an opportunity to let go by," said Mr. Woodside. "Gerry Tsai is one of the key factors in our whole financial service sector, and when we bought his company, we were more interested in buying Gerry."

Mr. Woodside said American Can plans to invest at least \$500 million in financial services and expects the area to have more than \$1 billion in assets within three years. He said he and Mr. Tsai have decided to buy more specialty insurance companies and expand into related financial services.

Since coming to American Can last April, Mr. Tsai has already orchestrated the \$152-million acquisition of Transport Life Insurance, a specialty insurer based in Fort Worth. The price was equal to 10 times the earnings of Transport Life. "How do you maintain earnings at those prices?" one analyst asked.

Some observers say breaking into financial services is not as simple as buying up finance companies. "It's like asking how fast Dean Witter can get into the photograph, greeting card or beer bottle business," Robert H. Stovall, a senior vice president of Dean Witter Reynolds, said. "It's a different business and would take quite a while. It has taken us a couple of generations to build Dean Witter."

Eurodollar Bond Market Slumps

AP-Dow Jones

AMSTERDAM — A slump on the Eurodollar bond market last week left prices for straight dollar issues with declines averaging more than two points, and issuing died out at the end of the week.

"A lot of money has been lost

EUROBONDS

and the potential losses are still great," one dealer said.

The yield on the market's bellwether issue, a \$750 million, five-year Canadian government note, bearing 14.375 percent, rose nearly 50 basis points over the week. At a middle price of 96 1/4 on Friday, the issue was yielding 15.40 percent, up from 14.9 percent a week before.

Dealers said the poor results of the U.S. Treasury's latest auction of two-year notes and the threat of growing government budget deficits, in the U.S. and elsewhere, have taken the life out of the market. "Everyone's looking for a glimpse of light, some improvement, but so far it's not to be found," one dealer said.

Eurobond Yields*

Week Ended June 16	Int'l inst. lg. term US\$	14.81%
	Ind. long term, US\$	15.21%
	Ind. medium term, US\$	15.90%
	Can. medium term	16.57%
	French fr. medium term	16.80%
	Int'l inst. lg. term yen	8.42%
	ECU medium term	13.70%
	EUA long term	12.86%
	Int'l inst. lg. term LF	11.72%
	FL long term	11.62%

* Calculated by the Luxembourg Stock Exchange

Market Turnover

Week Ended June 18
(Millions of U.S. Dollars)

Total	Dollar	Non-dollar
Eurodollar	12,484.0	11,642.6
	0.8414	

Source: International Finance N.V.

Dealers predicted that two new straight dollar issues in the primary market — Finance for Industry and Ohio Edison Finance N.V. — probably would take a beating.

Later Friday, Morgan Stanley International, which is leading the syndicate for a \$50 million, five-year issue of Ohio Edison Finance N.V., the financing arm of the U.S. utility, said there were no plans to withdraw the issue, despite difficult market conditions. A coupon of 16 1/2 percent has been indicated for the paper, but underwriters said it could end up higher. Final terms should be set no later than Thursday.

The \$75-million, seven-year issue of Finance for Industry, a development bank for British industry, was given a gray market indication of 96 1/4 to 96 1/2, for a yield at the middle price of 16.15 percent. The issue price was par, with a 15 1/4-percent coupon.

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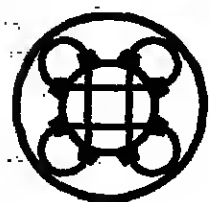
Loan for Hungary Is in the Works

(Continued from Page 9)

that the average use of the loan will be 80 percent, in which case it is to pay a 3 1/2-percent commitment fee on the unused amount. If use tops 90 percent, the fee drops to 1 1/2 percent on the unused amount.

The experimental loan for Sweden, in which lenders were offered a pricing over the prime capped with a switch into the CD rate or a fixed rate formula of the CD rate plus 80 basis points, proved successful. Managers Chase Manhattan and Morgan Guaranty were initially so unsure about whether lenders would choose the fixed-rate formula that they had guaranteed they would use it. In the end, the \$900 million committed from the U.S. market was evenly split. If the \$900 million is accepted, the total size of the loan will be increased to \$1.2 billion.

All the securities having been sold, this advertisement appears as a matter of record only.



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June 1982

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May 19, 1982

SPORTS

English Beat Czechoslovaks;
West Germany, Spain Win

Compiled by Our Staff From Dispatches
BILBAO, Spain — England defeated Czechoslovakia, 2-0, on Sunday to secure a berth in the second round of the World Cup championships.

West Germany kept its hopes alive with a 4-1 victory over Chile, and Spain defeated Yugoslavia, 2-1.

On Saturday, the Soviet Union defeated New Zealand, 3-0, to give the way for a showdown with England Tuesday to decide who plays Brazil from Group 6 in the second round. A tie would send the Soviet Union through to Round 2.

Poland and Cameroon played to a 0-0 draw, leaving Group 1 still very confused. And Belgium, showing little of the drive that helped it to defeat Argentina, overcame El Salvador, 1-0.

In its victory over Czechoslovakia, England capitalized on two defensive errors and scored twice within the space of five minutes.

After dominating the first half, England finally broke through in the 62nd minute when the Czechoslovak goalkeeper, Stanislav Senan, dropped a corner from Ray Wilkins and Trevor Francis slammed home a goal.

Five minutes later Paul Mariner hit a shot that did not look dangerous but Czechoslovak defender Josef Bartos, in trying to stop it, missed the ball past Senan just inside the post.

Czechoslovakia has to defeat France Thursday to stand a chance of advancing to the second round. Kuwait and France, the other teams in the group, meet Monday.

Karl-Heinz Rummenigge led the West German attack with three goals. Uwe Reinders, who came on as a second half substitute, scored West Germany's other tally, while Gerd Müller netted Chile's goal one minute from the end of the match in Gijón.

Rummenigge opened the scoring after nine minutes when he drove a low shot that Mario Osben, Chile's goalkeeper, let slip under his body. After they flying start the West Germans never looked back.

"West Germany faced elimination from the tournament had it lost to Chile following its upset 2-1 loss to Algeria in its opening game."

"I am happy that the nerve-racking days are over," said West German manager Jupp Derwall, "but this victory over Chile must be regarded only as a first step forward."

England Crushes Eagles

The Associated Press
BARTFORD, Conn. — England's national rugby union squad completed a tour of North America Saturday with a 59-0 victory over the U.S. national team, the Eagles. Tour captain Steve Smith and winger Tony Swift each scored two tries for England.

Ickx Leads
Porsche Trio
At Le Mans

Compiled by Our Staff From Dispatches
LE MANS, France — Belgian Jody Ickx and Briton Derek Bell led a Porsche sweep to an overwhelming victory in the 50th Le Mans 24-hour road race Sunday.

The triumph was a record sixth for Ickx, 36, and the third for Bell, 40, who shared his two previous victories with Ickx.

They crossed the line in a works Porsche 956T, leading the two other factory cars, driven by Australian Vern Schuppan with West German Jürgen Mass and American Hurley Haywood and Al Holbert and Jürgen Barth of West Germany.

Ickx and Bell, however, were two laps — about 27 kilometers — ahead of Schuppan and Mass, having led the race from the ninth hour.

The winning car, held back by new fuel consumption rules, still covered 359 laps at an average speed of 204.128 kilometers per hour, a circuit record.

Despite a challenge in the opening hours of the race by the works Ford C100s and French Renaults and WM-Peugots, the Porsches always were in command.

Early pit stops temporarily put other cars on top of the hourly leader board. But when the Haywood-Holbert Porsche was listed in the lead at the fifth hour, the Porsche team never left the top.

Ickx and Bell took over at the ninth hour after a wheel bearing problem delayed the leader.

Only 18 of the 55 starters finished the grueling event.

The U.S. father-and-son team Mario and Michael Andretti, among the favorites, was forced out before the race started. Race officials told them less than an hour before the start that their Miata-Ford failed to meet technical rules.

The official reason was that an oil radiator positioned behind the gearbox could spill oil dangerously in the event of an accident.

"It's beyond my comprehension how they run this place," the elder Andretti said. "They are supposed to be professionals. They spent a full day scrutinizing our car, they gave us a hassle in the first qualifying session because a mirror was sticking out maybe a half inch too wide, but they can't find this until an hour before the race."

More Sports
On Page 13

WORLD CUP SOCCER

For Chile, the loss meant that it cannot qualify for the second round no matter how it fares against Algeria.

In Valencia, Spain fell behind in the 10th minute when Ivan Gudelj drove home Vladimir Petrovic's pass from the right.

But Spain evened the score on a doubtful penalty, which was taken twice. Yugoslav sweeper Velimir

Zecic was judged to have tripped Miguel Alonso inside the penalty by Danish referee Henning Lind-Sorensen, but a video-tape replay showed the infringement took place outside the box.

Roberto Lopez Ufarte struck the first penalty kick wide of the target. Luis Sorensen ordered the kick to be retaken because goalkeeper Dragan Pantelic had moved too soon and Juanito stepped up to put Spain level.

Substitute Enrique Saura gave Spain the victory in the 66th minute when he jammed the ball in from the near post after a corner kick by Ufarte.

Play Defended
After the game in Elche against El Salvador, Belgium coach Guy Thys defended his team's lackluster play by claiming that his team had not intended to score a lot of goals.

"After Hungary's win against El Salvador it was better to forget goal difference. The only thing was to win," Thys said.

El Salvador coach Florencio Pipo Rodriguez said that he had expected his team's defensive approach to produce a better result than the 10-1 drubbing by Hungary.

"I think Hungary played better soccer than Belgium but then Belgium played a controlled game simply to get a result," he added.

The only goal came as a result of El Salvador's rough play. Francisco Osorio was shown the yellow card for a foul on Erwin Vandenberg and Ludo Coeck gave Belgium the lead in the 19th minute on the ensuing free kick from about 30 meters.

Belgium now has four points from its two matches, but it is still not certain of qualifying for the next round. If Argentina, which defeated Hungary 4-1, defeats El Salvador as expected, then Belgium needs at least a tie with Hungary to qualify.

Poland's coach, Anton Piechniczek, said his team gave a disappointing performance in its 0-0 draw with Cameroon in La Coruña.

"We should have got at least two goals," Piechniczek said. "I used an attacking formation, but only Andrzej Buncol played very well. Overall, my players have the capacity to do very much better."

But Cameroon coach Jean Vincent was in a much better frame of mind. "We have shown that we can match the best teams and I am

looking forward to the match against Italy next week."

While enjoying territorial advantage for much of the game, Poland only once came close to scoring. In the 34th minute, Włodzimierz Ciolek headed against the bar from close range. The rebound came to Grzegorz Lato, whose header was stopped by a diving Thomas N'Kono, the Cameroon goalkeeper.

The four Group 1 teams have drawn their opening two matches. The last two games — Peru vs. Poland on Tuesday and Cameroon vs. Italy on Wednesday — will determine the two teams to advance. If those matches also are drawn, the teams that have scored the most goals will advance. If still tied, then the qualifiers will be picked by a lottery.

In Malaga, the Soviet Union, with Vladimir Vessourov orchestrating its moves, against displayed some of the fluid, swift and stylish soccer it had shown in its 2-1 loss to Brazil.

The Soviet breakthrough came midway through the first half when striker Oleg Blokhin unlocked the New Zealand defense with a sprint down the left. His cross found Andrei Bal, whose shot was blocked but rebounded to Yuri Gavrilov, who shot home from close range.

In the second half, the Soviet team stepped up the pace. Blokhin scored one goal and then set up another for Sergey Baltacha.

Afterwards, Soviet manager Konstantin Beskov warned that Scotland will have to play very well to beat us.

Watson, Rogers Take Lead at U.S. Open As Devlin Fades

Compiled by Our Staff From Dispatches
PEBBLE BEACH, Calif. — After two days of relative nonentities forging their way to prominence, the elite of the golfing world made their way to the top of the U.S. Open scoreboard Saturday at the Pebble Beach Golf Links.

Tom Watson had seven birdies for a 68 Saturday and tied for the lead with defending British Open champion Bill Rogers at four-under-par 212. Rogers shot a 69 on this calm, good-for-scoring day on the Monterey Peninsula.

Just off this pace at 214 is a formidable quartet: defending Open champ David Graham (72/72/69), 1981 Open runner-up George Burns (72/72/70), second-round leader Bruce Devlin (70/69/75) and Scott Simpson (73/69/72).

And waiting in the wings at 215 are Jack Nicklaus (74/70/71) and Calvin Peete (71/72/72) while Craig Stadler (76/70/70), streaky Larry Wadkins (73/76/67), Dan Pohl (72/74/70), Bobby Clampett (71/73/72), who was tied for the lead on the back nine Saturday but bogeyed three of the last four



Steve Sumner of New Zealand gives chase to the Soviet Union's Alexander Chivadze as the ball. Chivadze won the race and the Soviet Union won the game, 3-0, in Malaga on Saturday.

holes, and Larry Rinker are at par 216.

Rinker, who played the mini-tour two years before earning his tour card in 1981, is susceptible to extremes. He started out with a 74, got hot and shot a 67 then halved to a 75 Saturday.

In all, 13 players are within four shots entering Sunday's final 18 holes. And six of them have won major championships.

Rogers, the master of the straight drive and the crisp, precise iron, had birdies on the 14th and 15th holes but took a 17th-hole bogey and finished shakily, missing a four-foot attempt on the final hole for a birdie that would have given him the lead alone. He opened the Open with a 70/73.

Watson, who never has won the Open and desperately wants to avoid the stigma of being a great player who never captured the premier event in his sport, recovered from a first-hole bogey and closed with a classic rush as he got his sixth and seventh birdies of the day at the 16th and 18th holes.

"I have a very good feeling about my swing and I can't wait to get out there to play tomorrow," said Watson, who shot 72 in his first two rounds. "I've had two pretty good chances to win the Open before. I hope the third time's a charm."

"Sometimes, it only takes one good swing to turn your whole feeling about your game around. Maybe I made that swing today — the three-iron to three feet for a birdie at the [204-yard] 12th. I hadn't hit a shot with that kind of authority all week."

Graham thrilled the crowd by Carmel Bay with a 35-foot birdie putt on the 18th green to move firmly into contention.

Burns — the third-round three-shot Open leader last year, who fell to Graham's closing 66 — who shot a steady round that included birdies at the sixth, 12th, 14th and 18th.

On Friday, Burns learned that what Pebble gives, Pebble takes away. On the front nine Burns shot six consecutive birdies for 30, six under par. The back nine was a

stunning reversal — three bogeys and a triple bogey 6 for a 42.

The 17th, a par 3 of 219 yards with the wind blowing into the players' faces, was the worst of all. Burns pulled a 1-iron to the sand-and-rock embankment that slopes down to the beach of Carmel Bay. Burns took a swipe at it, and succeeded only in embedding the ball in the sand. He declared an unplayable lie and took a penalty drop in the rough. He chipped on in 4 and then took two putts for a triple-bogey 6.

Loose Wheels
Devlin, after leading the first two rounds, no longer seems to be a factor. He had opened up a 2-stroke lead after the second round with birdies on the last two holes. "I'm not going to be a fool and sit here and tell you I'm going to win the golf tournament," Devlin said Friday. "If the wheels come off, I'll just hang in there and do the best I can."

The wheels, if they did not come off, certainly loosened Saturday when he shot a 75.

Those who never got their wheels in place and missed the cut included four former champions — Lee Trevino, Arnold Palmer, Jerry Pate and Hubert Green — as well as Gary Player and Severiano Ballesteros, a former British Open and Masters champion.

But the most frustrated man at Pebble Beach continues to be Nicklaus. He is hitting the ball true to green as well, or perhaps better than anyone. But, again Saturday, Nicklaus made only one putt longer than his putter and missed one shorter than his mangled wand, a 2½-footer at the 12th that he called "the easiest putt of the lot and I missed that one, too."

Nicklaus also was obviously perturbed that he had made up little ground on "two easy days ... with no wind."

"Last year, this became a two-man tournament," said Graham. "Now, you have so many more bunched up. Historically, the five-six-under-par people have come down and the Watsons and Nicklaus have come on. It should be a great final day."

Lewis Scores 2d Double in 100, Long Jump

Compiled by Our Staff From Dispatches
KNOXVILLE, Tenn. — Carl Lewis scored a double in the long jump and the 100-meter dash for the second year in a row in the U.S. Outdoor Track and Field Championships here Saturday night.

Lewis, a 20-year-old sophomore at the University of Houston, won the 100 in 10.11 seconds, edging Calvin Smith. Lewis then took the long jump at 27 feet, 10 inches (8.48 meters).

His 100 clocking broke the meet record of 10.13 he set last year. Smith stayed with Lewis for about the first 80 meters, but Lewis pulled away and raised his index finger in victory as he sped past the tape.

Immediately after crossing the finish line, he headed for the long jump area, where the trials and finals were scheduled to begin about 10 minutes later.

No athlete had won the 100 and long jump twice in a row in the national championships since Malcolm Ford did it three times, from 1884-1886. When Lewis accom-

plished the double last year, it was the first time it had been done since Jesse Owens did it in 1936.

Although the performances would be exceptional for most athletes, they were rather routine for Lewis, who is ranked No. 1 in the world in both events.

His career best in the 100 is 10.00 seconds, the fastest ever at sea level and the third best in history. And his career best in the long jump is 28-3½, also the best ever at sea level and second on the all-time list.

He said that the reason for his somewhat disappointing jump was that it was almost a comedown after his 100 title.

"I was so pleased with my running all weekend that I wasn't thinking too much about the jump," Lewis said. "In the 100, I could not have been beaten by anybody in world history."

In other events, Stephanie Hightower tied the U.S. record in the women's 100-meter hurdles. It was Hightower's third straight victory in the national championships.

She took command midway through her race and beat the favorite, Beata Fitzgerald, in a time of 12.86 seconds, which equaled the three-year-old U.S. mark held by Deby LaPlante.

Evelyn Ashford beat back the challenge of Jamaican Merlene Ottey to take the women's 100 in 10.96, the fastest time in the world this year and the fifth-fastest of all time.

Ashford holds the U.S. record of 10.90, and earlier this year a 10.97 clocking changed her mind about making 1982 a rest year. She said she now intends to make a serious run at the world mark of 10.88 held by Marlies Gohr of East Germany. "I think I can do it this year," she said. "I'm going to try and peak at Zurich, Switzerland, in August."

In the men's shot put, Kevin Atkins won with a heave of 69-9½, his best ever outdoors.

Triple Jump Upset
Ria Stalman of the Netherlands won the women's discus at 203-10, erasing the meet mark.

Bob Roggy, the only American ever to throw the javelin over 300 feet, only managed 289-9, but still won his specialty and broke the meet record.

In Friday's events, unheralded Robert Cannon upset Willie "The Entertainer" Banks in the triple jump final.

Cannon got off his winning jump of 55 feet, three-quarters inch on his final attempt. Paul Banks was second at 54-10½ and Banks, the U.S. record holder and crowd favorite because of his entertaining style of jumping, was third at 54-10½.

In the men's 400-meter hurdles semifinal, Edwin Moses was a late scratch with a recurring injury. Moses, the overwhelming favorite and unbeaten in 72 hurdles finals since 1977, said he suffered a muscle strain high in the rear of his right leg while warming up.

There were several other notable withdrawals for various reasons. They included Stanley Floyd and Coby Silbo Leonard in the 100, double Olympic gold medalist Alberto Juantorena of Cuba and Don Paige in the 800, Greg Foster and Tonia Campbell in the 110 hurdles, and Anthony Ketchum in the 5,000.

Kemp's Grand Slam Powers White Sox Over Angels, 7-6

Compiled by Our Staff From Dispatches
ANAHEIM, Calif. — Steve Kemp drove in five runs with a grand slam home run and a sacrifice fly to power the Chicago White Sox to a 7-6 victory over the California Angels Saturday.

Trailing 4-2, the White Sox loaded the bases in the fifth against loser Geoff Zahn on Harold Baines' infield single, a hit batter, and a walk. Luis Sanchez relieved Zahn and struck out Ron LeFlore, but Tony Bernazard singled to pull Chicago within one run.

Kemp followed with his fourth grand slam of his career.

California's Rod Carew extended his hitting streak to 23 games with two singles, breaking the Angels' club record set by Sandy Alomar in 1970.

Rangers 6, Twins 3
In Minneapolis, Minn., Buddy Bell hit two homers, driving in three runs, and Dave Hostetler added a solo home run to lead Texas to a 6-3 victory over Minnesota. Jon Matlack (2-5) allowed seven hits in 6½ innings, walking three and striking out three. Denny Darvin pitched the final 2½ innings for his second save.

Blue Jays 3, A's 1
In Oakland, Calif., Damaso Garcia triggered a two-run 12th in-

ning with his fifth consecutive single and Garth Iorg and Lloyd Moseby doubled in runs, giving Toronto a 3-1 victory over the A's. It was Oakland's fifth loss in a row.

Brewers 10, Tigers 3
In Detroit, Robin Yount hit a pair of two-run homers and Gor-

man Thomas and Cecil Cooper also hit two-run home runs to give Milwaukee a 10-3 drubbing of the Tigers. The loss was the sixth in a row for Detroit.

Red Sox 7, Indians 3
In Cleveland, Dave Stapleton singled in two runs with the bases loaded to highlight a four-run sixth inning and lead Boston to a 7-3 victory over the Indians.

Yankees 4, Orioles 3
In New York, Willie Randolph singled over a drawn-in outfield to score Butch Wynegar from third base with one out in the 16th, lifting the Yankees to a 4-3 victory over Baltimore.

Mariners 10, Royals 3
In Seattle, Jim Beattie struck out a career-high 10 batters and Gary Gray and Al Cowens had three

hits each, leading the Mariners past Kansas City, 10-3. Beattie scattered six hits and walked two in seven innings as he posted his fourth consecutive victory after starting the season with four losses. He got off to a rocky start as he gave up a two-run homer to Amos Otis in the first inning.

Mets & Cardinals 5
In the National League, in St. Louis, George Foster went 5-for-5 and Dave Kingman hit a three-run homer to cap a four-run eighth, carrying New York to an 8-5 victory over the Cardinals. The Cardinals took a 5-4 lead in the seventh on an RBI single by Dale Long but the Mets rallied for four unearned runs in the eighth to hand rookie

Jeff Keener the loss in his first major-league decision.

Dodgers 2, Reds 1
In Cincinnati, Pedro Guerrero drove in both Los Angeles runs with a sacrifice grounder and a seventh-inning home run to back the five-hit pitching of Fernando Valenzuela (9-5) and carry the Dodgers to a 2-1 victory over the Reds. Valenzuela struck out four and did not issue a walk to become the National League's first nine-game winner. Bruce Berenyi (5-7), the loser, allowed only five hits.

Phillies & Pirates 3
In Pittsburgh, Garry Maddox hit a two-run double to highlight a

four-run second inning in support of Steve Carlton's nine-hit pitching and lead Philadelphia past the Pirates, 6-3. Carlton (8-7) struck out seven and walked one in pitching his fourth complete game of the year.

Expos 5, Cubs 2
In Chicago, pinch-hitter Jerry White's two-out, two-run double highlighted a four-run eighth that helped Montreal overcome the Cubs, 5-2.

Padres 7, Astros 1
In Houston, Broderick Perkins rapped a two-run pinch single, and Alan Wiggins followed with a two-run triple as San Diego exploded for five seventh-inning runs to down the Astros, 7-1. The Padres' John Montefusco (5-4) and reliever Gary Lucas combined on a six-hitter, with Lucas earning his ninth save.

Giants 9, Braves 4
In Atlanta, Chili Davis' grand slam homer capped a six-run rally in the ninth inning as San Francisco stormed from behind to defeat the Braves, 9-4. The victory went to Giant reliever Gary Lavette (4-2). The Braves had taken a 4-3 lead on Rufino Linares' home run off reliever Jim Barr in the seventh.

Wimbledon Becomes
Players Tournament

By Neil Arndt
New York Times Service
WIMBLEDON, England — The 16-page brochure includes a welcoming message from the chairman, a map of the All England Lawn Tennis and Croquet Club, important telephone numbers, how to find a practice court and ticket information.

To the astonishment of many players here for Monday's start of the Wimbledon championships, the brochure is specifically designed for them — not for debuters, media representatives, tennis politicians, ticket touts or spectators.

Wimbledon is a tournament in transition, an institution trying to retain the dignity of its historic past while learning, sometimes painfully, that tennis now dances to a disco beat and out to a wait.

The more publicized changes in this year's championships are the extra day (Sunday) for the men's singles final, a 77-percent increase in prize money, expanded catering and service facilities on the grounds and the advance sale of standing room seats for the last four days that probably will end the customary overnight camping queues outside the club.

More Changes
To the players, however, the new informational brochure, more and better practice facilities, increased ticket allowances, and the establishment of a player liaison committee are equally significant signs of Wimbledon's sensitivity in the face of mounting criticism.

"We are making a lot of

changes," Air Chief Marshal Sir Brian Burnett, the chairman of the club, said. "Last year, we spent £3 million to improve Court 1 and give the players a new restaurant, lounge and quiet room. This year, we're concentrating on other areas that are equally as important to the equation of staging a successful tournament."

The conflicting status of John McEnroe, the defending men's singles champion and No. 1 seed, who will play the traditional opening match on the center court Monday, and Bjorn Borg, the five-time champion, who is not here, underscore Wimbledon's current ambivalence.

Club officials dearly wanted to invite Borg, even if it meant granting him a special exemption from the qualifying which he would have been obligated to play because of his failure to commit to the minimum number of grand prix tournaments this year. But after meeting with leaders of the sport in Monte Carlo, Burnett and other members of the tournament's management committee realized that an exemption for Borg would hob the men's game into deeper chaos.

There seems little concern in official circles that the absence of five of world's top 10 men (Borg, Ivan Lendl, Guillermo Vilas, Jose-Luis Clerc and Eliot Teltscher) will affect the tournament. Wimbledon drew record crowds in 1973 despite a massive player boycott that year.

Often accused of smugness, Wimbledon has become increasingly conscious enough to hire a public relations firm to represent the championships for the first time. Competition for the French and U.S. Opens and recent complaints from Lendl, Vilas, Gerulaitis, Harold Solomon and other pros over insufficient practice time and administrative indifference have glazed the club's mauve and green roots.

The McEnroe Affair
So has the aftermath of the McEnroe Affair. One year after the tempestuous American created front-page headlines on the court and then spurned the champions' dinner, Wimbledon seems willing to forgive and forget. Committee representatives located and rounded up the three trophies that McEnroe over received or simply forgot to pick up after his four-set victory over Borg in last year's singles final. A quiet dialogue has also begun between committee representatives and John P. McEnroe Sr. in an effort to avoid future communication problems with the family.

"We're starting a clean slate this year," says Fred Hoyle, the tournament referee, who was subjected to four-letter abuse from McEnroe on opening day last year and then subsequently fined £1,000.

In reflecting on last year's tumultuous fortnight, Sir Brian said that Hoyle had, in fact, been "too lenient" and should have disqualified McEnroe on opening day.

"The general understanding is that the behavior will be better than last year," Hoyle stressed, strengthened by a stricter code of conduct, more grand prix supervisors and a clause in the grand prix rules that allows for instant disqualification during a match.

For once, the quality of the club's grass courts seems a secondary issue. After the "retirement" last year of Jack Yardley, the longtime groundsman, the 10-man grounds staff was divided into teams and given responsibility for specific courts.

But from a practical side, Wimbledon is giving ground in once uncharted domains. For example, the top eight men and women seeds each will be allowed one friend in the locker room throughout the tournament, a major concession from previous years when only a select few were accorded such luxuries.

"There have been criticism of Wimbledon in the past," Sir Brian said. "I think a lot of the criticisms are unjustified. Gerulaitis says all we did last year was improve the tea room. Damn it, we spent £3 million, and it's all for the players."

SPORTS BRIEFS

Ice Hockey Group Tightens Rules

NICE, France — The International Ice Hockey Federation tightened its rules on the use of dual citizens in World championship play at its annual congress. Dual citizens must now have resided for at least three years in the country they represent, according to the regulations adopted Friday. The rule is aimed at fostering native talent in such countries as Italy, Austria, West Germany and Holland, who frequently bolstered their world championship teams by late additions of players from North American college or pro ranks who could establish citizenship.

Cam Fella Captures Cane Pace
YONKERS, N.Y. — Cam Fella withstood a closing rush from Merger and won the rich Cane Pace, the first leg of pacing's Triple Crown, at Yonkers Raceway Saturday. Driven by Pat Crows, Cam Fella covered by 1½ lengths over Merger. Lon Todd Hanover finished third. The second leg of the triple crown is the Little Brown Jug on Sept. 25. The final leg is the Messenger Stakes on Oct. 16.

Navratilova Defeats Mandlikova
EASTBOURNE, England — Top seeded Martina Navratilova defeated third-seeded Hana Mandlikova, 6-4, 6-3, Saturday in the final of the Eastbourne women's international tennis tournament, the last warm-up event before this week's All-England Championships. In Bristol, John Alexander defeated Tim Mayotte, 6-3, 6-4, in the final of the Bristol tennis tournament, his first grand prize title in almost two years.

Avowal Easily Wins Canadian Oaks
TORONTO — Avowal, ridden by Brian Swank, led every step of the way in scoring an impressive 13½-length victory Saturday over longestshot Anythingyoucando in the Canadian Oaks at Woodbine.

Compiled From Agency Dispatches

Sherpa Run-Up



Wade, a Times colleague, analyzed a list of the Women's Media Group, an organization with a fairly descriptive title, which meets once a month. Of the members, only seven members gave full middle names and not one gave a middle initial.

INQUIRY MAILING
New York Times Service

The Yank at Oxford

Magdalen, like the others loosely grouped together as Oxford University, is autonomous. It selects and generally instructs its own students. The fellows (brezily known as dons) meet with students in one-on-one sessions to discuss essays the students have written. Magdalen College has about 450 students and 57 dons.

Griffin still tutors some students in his specialty, economics of developing countries.



carved stoop head in his likeness attached among the gargoyles of an ancient college wall. It smiles down on a courtyard — a grinning Yankee face amid the English grandeur.

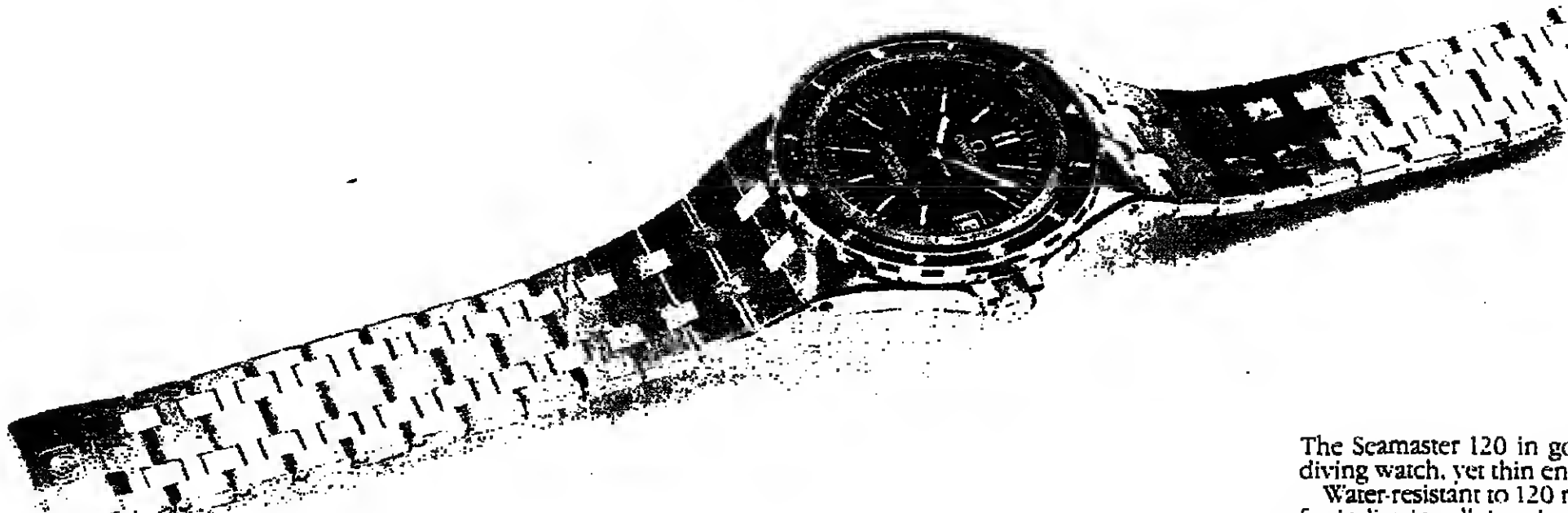
LETTER FROM SIMLA

The Impossible Railway

Gentler slopes — a mere 45 or 50 degrees — are terraced with superhuman effort into fields the width of a woman's shawl. People

The most fun is to lurch along the lip of a giddy precipice, tear your eyes from the yawning and unguarded depths below — and find your "rail car" engineer reading a newspaper.

CLASSIFIED ADVERTISEMENTS

[illegible]

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